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ABSTRACT

The hearings were held September 12 and 13, 1974. The document contains statements by the various witnesses before the committee (articles, publications, communications, and selected tables and charts). (PG)

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ACCREDITATION OF POSTSECONDARY EDUCATIONAL INSTITUTIONS, 1974

HEARINGS

BEFORE THE

SUBCOMMITTEE ON EDUCATION

OF THE

COMMITTEE ON

LABOR AND PUBLIC WELFARE

UNITED STATES SENATE

NINETY-THIRD CONGRESS

SECOND SESSION

ON

EXAMINATION OF ACCREDITATION AND ITS USES AS A DEVICE TO ESTABLISH ELIGIBILITY FOR PARTICIPATION IN FEDERAL EDUCATION PROGRAMS

SEPTEMBER 12 AND 13, 1974

U.S. DEPARTMENT OF HEALTH,
EDUCATION & WELFARE
NATIONAL INSTITUTE OF
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ACCREDITATION OF POSTSECONDARY EDUCATION INSTITUTIONS, 1974

THURSDAY, SEPTEMBER 12, 1974

U.S. Senate,
Subcommittee on Education of the
Committee on Labor and Public Welfare,
Washington, D.C.

The subcommittee met, pursuant to notice, at 9:31 a.m., in room 4232, Dirksen Senate Office Building, Hon. Claiborne Pell (subcommittee chairman), presiding.

Present: Senator Pell.

Committee staff present: Stephen J. Wexler, counsel; and Roy H. Millenson, minority professional staff.

Senator Pell. The hearing of the Subcommittee on Education will come to order.

Today we meet to discuss the subject of accreditation and its uses as a device to establish eligibility for participation in Federal education programs.

Accreditation is, to many, one of the great unknowns in the postsecondary education system of our country. One hears of schools which are accredited or which have lost their accreditation, but I do not believe that the general public or the Congress truly understands just what accreditation means.

My reading indicates to me that accreditation, as it now is practiced, grew out of an attempt by the institutions to become somewhat self-policing and to insure that the education offered at these schools reached a certain level of quality.

This type of accreditation is probably best left outside the scope of Federal authority, for it is truly in the best interests of the country that institutions be self-policing to a certain degree, without the heavy hand of the Government telling them what to teach and how to teach it.

In the past 20 years, however, accreditation has come to mean something else.

Through the process of accretion, rather than by direct mandate of Congress, the accrediting process has been utilized by the Federal Government as the factor for eligibility for participation in Federal programs. In effect, while the Federal Government does not accredit institutions, it accredits the accreditors, thus endowing those private groups with a great responsibility. And the question must arise, should that responsibility be so placed?

There is an interesting paper on accreditation from the Journal on Law and Education which I would like to insert in the record.

[The material referred to follows:]

[Excerpt from the Journal of Law & Education,
Vol. II, No. 3, July 1973]

Federal Reliance on Voluntary Accreditation: The Power to Recognize as the Power to Regulate

MATTHEW W. FINKIN*

Introduction

Over the past twenty years, the federal government has relied increasingly on the determinations of private voluntary accrediting agencies as a criterion for eligibility for federal funds in a variety of post secondary education programs.[1] That relationship has recently been subject to some criticism. A report funded by the United States Office of Education concerning post secondary occupational education, issued in 1970, concluded that unless the appropriate agencies make "needed changes in administrative structure, broaden representation, and undertake scientific investigation of their standards and evaluation criteria, a consideration of alternatives [to the current system] should not be ruled out."[2] In a report the following year, HEW Secretary Richardson called on the Commissioner of Education to institute a formal review of accreditation of health personnel programs and alternatives, explicitly including the possibility of establishing a federally chartered corporation to coordinate national accreditation.[3] That same year, a Task Force funded by the Ford Foundation (the Newman Commission) reporting to Secretary Richardson, suggested a reduction in federal reliance on private accreditation.[4] Its draft second report calls for sweeping changes:

> We have thus proprosed that HEW distinguish eligibility criteria and procedures from accrediting criteria and procedures, to recognize organizations—including accrediting agencies—willing to apply these criteria as opposed to accreditation standards, establish a commission to hear appeals of eligibility denial, and require institutions to publish SEC-type prospec-

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* LL. M., Yale University School of Law.

[1] These are discussed *infra passim*.

[2] C. WARD, THE STATE OF ACCREDITATION AND EVALUATION OF POST SECONDARY OCCUPATIONAL EDUCATION IN THE UNITED STATES 208 (1970).

[3] HEW, REPORT ON LICENSURE AND RELATED HEALTH PERSONNEL CREDENTIALING 72 (1971). The report was mandated by the Health Training Improvement Act of 1970, discussed *infra*.

[4] HEW, REPORT ON HIGHER EDUCATION 66 (1971).

> tuses as a form of consumer information. Thus, we seek not to federalize accreditation, but merely to limit the federal involvement.[5]

In the interim, the Office of Education has moved to revise its criteria pursuant to which private accrediting agencies come to be determinants for eligibility[6] and has funded a study on *Private Accrediting and Public Funding*, conducted by the Brookings Institution.[7] Although that assessment is due in August, a progress report indicates a tentative conclusion that " 'accreditation' does not serve adequately to protect the educational consumer or to vouch for the financial or educational integrity of all accrediated institutions. . . ."[8] Firm proposals will doubtless be made.

Noticeably absent in the debate, at least as it has proceeded thus far, and essential to the development of concrete proposals for altering the current system, is some clear understanding of the limits of the authority of the Office of Education under the current statutory network.[9] Curiously, no serious questions seem to have been raised within the academic community of the authority of the Commissioner of Education to adopt the proposed revisions in criteria currently under discussion nor have any of the proposals suggested the need for legislative consideration with any specificity.[10] Accordingly, this discussion will treat the question of the

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[5] Newman, *A Preview of the Second Newman Report*, 4 Change 28, 33 (1972).

[6] *U.S. To Require Accreditors to Add Public Members*, Chronicle of Higher Education, 2 (October 2, 1972).

[7] Brookings Institution Private Accrediting and Public Funding, Fact Sheet on a 1972–73 Study (December 8, 1972).

[8] Orlans, Study of Accreditation and Public Funding, First Quarterly Report 5 (October, 1972).

[9] "Network" is chosen in lieu of the more customary "framework" or "scheme" for as will appear subsequently a word bearing a sufficiently labyrinthian connotation is essential.

[10] Two staff members of the National Commission on Accrediting have pointed out that the statuatory basis seems limited and that further involvement "appears to be based entirely on administrative decision." Dickey & Miller, *Federal Involvement in Nongovernmental Accreditation*, 53 Educ. Rec. 138, 140 (1972). This is reiterated in F. Dickey & J. Miler, A Current Perspective on Accreditation 51 (1972). In neither instance is the matter pursued. Harold Seidman points out that the federal role cannot transcend its current statuatory authority and that any "efforts by the office [of Education] to expand its role would be subject to challenge on legal and constitutional grounds." Seidman, *Accreditation of Post Secondary Education: Problems in Organization*, in Study of Accreditation in Selected Health Educational Programs: Part I—Staff Workin Papers F-1, F-7 (1971). He does not, however, explore the limits of that authority. An Advisory Committee to the National Commission on Accrediting, funded by the Carnegie Corporation, made firm recommendations for Commission action covering the Federal involvement including an exploration of "the constitutionality of use by federal agencies of accreditation by a voluntary agency as a basis for financial support to colleges and universities." The Role and Function of the National Commission on Accrediting 5 (1966). No other issue of the limits of current authority was discussed. Indeed, the Advisory Committee recommended a more expansive role for the National Commission in the decisions of federal agencies. *Id.* Finally, the Executive Director of the Association of American Law Schools has observed that:

> . . . the Office of Education has begun to tighten its procedures in deciding whether or not to add an accrediting agency to its list. Here, we find the Office of Education, in the

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government's current authority. Given the breadth of the statutory language concerned, this analysis must perforce rely on legislative intent to the extent discernable as well as on an institutional analysis of the respective roles of the legislative and executive branches in the light of the criticisms leveled at the accreditation system. It would be helpful prior to the requisite emersion in the skein to have some brief acquaintance with the structure and functions of voluntary accreditation.

Structure

There are two types of accreditation: institutional and specialized or program.[11] The former is accorded by six regional associations of member institutions each exercising exclusive jurisdiction for a specific geographic area.[12] The origins of the various associations differ but they seem to have been engendered by a common concern for the problems of admissions and the maintenance of minimum academic standards.[13] The regionals have formed a national Federation of Regional Accreditating Commissions of Higher Education to coordinate their efforts. Each association formulates standards for eligibility for membership, which constitutes the acquisition of institutional accreditation, and determines through committees of visitation whether applicants have conformed to them. In addition, member institutions are themselves periodically re-evaluated, usually at ten-year intervals.

The U.S. Office of Education's Statement of Criteria and Procedures points out that, "regional, or institutional, accreditation applies to the total institution and signifies that the institution as a whole is achieving its objectives satisfactorily."[14] In addition, the Federation of Regional

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U.S. government, actively engaged in setting standards for an aspect of education that has traditionally been very free of government regulation.

Cardozo, *Recent Developments in Legal Aspects of Accreditation*, 213 J. Am. Med. Ass'n. 594, 595 (1970). Again, no issue of the authority of the Office to so move was raised.

[11] HEW, Nationally Recognized Accrediting Agencies and Associations, *Criteria and Procedures for Listing by the U.S. Commissioner of Education and Current List 1* (March, 1972) (hereinafter Criteria and Procedures). A brief history of accreditation is provided in W. Selden, Accreditation: A Struggle Over Standards in Higher Education (1960) and an updated bibliography and analysis is supplied in F. Dickey and J. Miller, A Current Perspective on Accreditation (1972). C. Ward, *supra* note 2 for accreditation of occupational education programs, and Miller, *Structure of Accreditation of Health Educational Programs* in Study of Accreditation of Selected Health Educational Programs, Part I: Staff Working Papers, Accreditation of Health Educational Programs, B-1 (1971), for health program accreditation. *See also*, Cardozo, *Accreditation in Legal Education*, 49 Chi-Kent L. Rev. 1 (1972).

[12] They are the Middle States Association of Colleges and Secondary Schools, the New England Association of Schools and Colleges, the North Central Association of Colleges and Secondary Schools, the Northwest Association of Secondary and Higher Schools, the Southern Association of Colleges and Schools, and the Western Association of Schools and Colleges.

[13] W. Selden, *supra*, note 11 at 42.

[14] Criteraia and Procedures, *supra*, note 11 at 2.

Accrediting Commissions has stated that accreditation does not validate any specialized program offered by the institution.[15]

> Specialized or program accreditation is performed by a number of organizations which are national in scope, rather than regional, and each of which represent a specialized area, such as architecture, cosmetology, law, practical nursing, teaching, or trade and technical education. A primary purpose of specialized accreditation is to protect the public against professional or occupational incompetence.[16]

Such specialized agencies are themselves either membership organizations of professionals or associations of professional schools in the field or some body affiliated with them, although in such instances, the degree of control varies.[17] In the health field particularly, the exponential increase in new sub-professions and semi-professions each with a claim for separate accreditation has produced no small strain on the entire accreditation structure.[18]

Overviewing the accreditating system is the National Commission on Accrediting, composed of member institutions and associations of institutions, which undertakes, in effect, to accredit the accrediting agencies.[19] Its early efforts to reduce the status of specialized agencies to that of advisors to the regional associations aborted and it has attempted rather to rationalize the accrediting structure.[20]

Functions

The U.S. Office of Education lists nine functions performed by voluntary accreditation:

1. Certifying that an institution has met established standards;
2. Assisting prospective students in identifying acceptable institutions;
3. Assisting institutions in determining the acceptability of transfer credits;
4. Helping to identify institutions and programs for the investment of public and private funds;
5. Protecting an institution against harmful internal and external pressures;
6. Creating goals for self-improvement of weaker programs and stimulating a general raising of standards among educational institutions;
7. Involving the faculty and staff comprehensively in institutional evaluation and planning;

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[15] Quoted in F. DICKEY & J. MILLER, *supra*, note 11 at 13.

[16] CRITERIA AND PROCEDURES, *supra*, note 11 at 2.

[17] Miller, *supra*, note 11.

[18] Selden, *Expansion of Accreditation of Health Educational Programs*, in STUDY OF ACCREDITATION OF SELECTED HEALTH EDUCATIONAL PROGRAMS, PART I: Staff Working Papers, E-1 (1971).

[19] Note, *The Legal Status of the Educational Accrediting Agency: Problems in Judicial Supervision and Governmental Regulation*, 52 CORNELL L. Q. 104, 105–106 (1966).

[20] F. DICKEY & J. MILLER, *supra*, note 11 at 18–21.

8. Establishing criteria for professional certification, licensure, and for upgrading courses offering such preparation; and
9. Providing one basis for determing eligibility for federal assistance.[21]

The Statutory Bases for Federal Recognition of Private Accrediting Agencies

The Beginning—The Korean GI Bill

The enactment of the Veteran's Readjustment Assistance Act of 1952[22] established the basic pattern of official federal recognition of private accrediting agencies although federal reliance on the determinations of such bodies antedates its passage.[23] The Act was, in part, a response to the Korean War, but also a reaction to difficulties encountered with its predecessor—the Servicemens' Readjustment Act of 1944.[24] The latter provided for approval of education and training institutions (including institutions of higher education) by state approving agencies or by the Administrator of the Veteran's Administration. Serious difficulties were encountered with slipshod state approval of "fly-by-night" and "blind alley" programs,[25] although this was not generally a problem in higher education.[26] The House select committee investigating the administration of the GI Bill focussed almost entirely on non-collegiate education and recommended further Congressional attention to the strengthening of educational standards and the clarification of respective jurisdiction of Veterans' Administration and state approving agencies.[27] The House Committee on Veterans' Affairs produced a draft bill, noted in the subsequent hearings, which would continue the reliance on state approving agencies but would provide that such agencies may approve courses offered by an institution where they have been approved by a nationally recognized accrediting agency. It went on to provide that:

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[21] CRITERIA AND PROCEDURES, *supra*, note 11 at 1.

[22] PUB. L. 82–550, 66 Stat. 663 (1952).

[23] *E.g.*, the National Science Foundation Act of 1950, 64 Stat. 149, 81st Cong., 2d Sess. (1950) allowed the foundation to award fellowships for scientific study at accredited institutions of higher education.

[24] Pub. L. 78–346, 58 Stat. 284.

[25] *See Hearings Before the House Select Committee to Investigate Educational and Training Programs Under GI Bill*, 81st Cong., 2nd Sess. (1951) and H.R. REP. No. 3253, 81st Cong 2nd Sess. (1951). As the Acting Comptroller General reported to the Senate Committee on Labor and Public Welfare, "Experience under the existing program shows that State approval of educational institutions has in many instances been no more than a 'rubber stamp' process." *Hearings Before the House Committee on Veterans' Affairs*, 82nd Cong., 2nd Sess. 1104 (1952).

[26] ADMINISTRATION OF VETERANS' AFFAIRS & THE DIRECTOR OF THE BUREAU OF THE BUDGET, REPORT RELATIVE TO THE ORIGINAL SOUND INTENTS OF THE SERVICEMANS' READJUSTMENT ACT, H.R. Doc. No. 466, 81st Cong., 2nd Sess. 6 (1950), H.R. REP. No. 3253, 81st Cong., 2nd Sess. 9 (1951).

[27] H.R. REP. No. 3253, 81st Cong., 2nd Sess. 29 (1951).

> For the purposes of this Act the Administrator [of Veterans' Affairs] shall publish a list of nationally recognized accrediting agencies and associations which he determines to be reliable authority as to the quality of training offered. . . .[28]

It also provided detailed requirements for state approving agencies to utilize in approving non-accredited courses. A number of bills were introduced containing identical language.[29] Others had been introduced constituting variations on the original GI Bill without these accreditation provisions.[30]

In the course of the hearings in the house a number of organizations urged that a role be provided the Office of Education in the administration of the statute.[31] The National Education Association entered a vigorous endorsement[32] and a more subdued one was given by the president of Union College on behalf of the American Council on Education, observing:

> At the present moment I can say that our policy has always been to endorse the program which the Office of Education has followed throughout its history of being nondictatorial, but of seeking to bring about cooperation among the various State organizations. Their policy has been one of advice and council [sic] of reserve and of general help to the agencies rather than of attempting to dictate from Washington . . . [33]

The American Legion would have preferred to give veto authority over approval to the Veterans' Administration[34] as would the Bureau of the Budget[35] but the representatives of both AMVETS[36] and the Veterans of

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[28] *Hearings Before the House Committee on Veterans' Affairs on Educational and Training and Other Benefits for Veterans Serving on or after June 27, 1950*, 82nd Cong., 2nd Sess. 1011 (1952).

[29] H.R. 6425; H.R. 6426; H.R. 6427; H.R. 6428; H.R. 6362 and H.R. 6474, 82nd Cong., 2nd Sess. (1952).

[30] H.R. 5040, 82nd Cong., 1st Sess. (1951), H.R. 5038, 82nd Cong., 1st Sess. (1951).

[31] Notably the National Veterans' Education Association, *Hearings*, *supra* note 28 at 1174, and the National Council of Chief State School Officers. *Id.* at 1682.

[32]

> "The United States Office of Education is the one Federal agency that has long-established channels and experience in dealing with educational institutions. American education at all levels is accustomed to working with the Office of Education and has complete confidence in the professional ability and integrity of the agency. Thus, the National Education Association believes that the delegation to the United States Office of Education of administrative responsibility for an educational program of the type and scope now being considered by the veterans' committee would be a major safeguard against abuses of the law by educational institutions of questionable status."

Letter from the Executive Secretary, National Education Association. *Id.* at 1195.

[33] *Id.* at 1577.

[34] *Id.* at 1474.

[35] *Id.* at 1455–1456.

[36] *Id.* at 1544.

Foreign Wars[37] favored some role for the Office of Education, the former explicitly rejecting a veto authority for the VA.

The Commissioner of Education opined that control of education should remain a state responsibility and that "modest supervisory responsibility" be given his office as the agency of government having well-established relationships with the educational establishments in the States.[38] He envisioned that role as being more one of persuasion than control and suggested that separate categories be established with differing controls for programs "administered by accredited colleges and universities" as opposed to the others embraced by such omnibus legislation.[39] Accordingly, the Commissioner was requested to submit a draft bill embodying his thinking. Under it, each state would designate a state Veterans' Education Commission composed of persons "broadly representative of the public interest, the principal educational agency of the state government, and of the several educational and training interests involved. . . ." [40] Each commission should develop a state plan embodying acceptable standards and procedures for approving institutions including, however, a proscription of discrimination based on race or national origin. It would approve or disapprove institutions on the basis of inspections and objective findings of fact and establish procedures for considering appeals from those decisions. The Commissioner of Education would have authority to approve or disapprove the state plans so submitted and if none were submitted or if the state were operating in violation of its plan the Commissioner would have the authority to undertake the functions of the state commission.[41]

After the hearings, the committee staff held conferences with interested government agencies on sixteen occasions in an effort to draft legislation reflecting the suggestions made in the hearings.[42] The bill reported out would have allowed the Commissioner of Education to approve courses where the state failed to designate a state approving agency and would have continued the provisions on accreditation embodied in the Committee's earlier draft, save that the Commissioner of Education rather than the Veterans' Administrator would have been given responsibility for designating nationally recognized accrediting agencies and publishing the list of those so found.[43] The Office's proposed statutory function in developing cooperative agreements between the VA and State approving agencies, reviewing their operations and giving technical assistance to them, was haled by the Federal Security Agency, of which the Office of Education was then a part, as "potentially the most useful for the program" [44] and was vigorously opposed by the Veterans' Administration.[45] On this, the committee observed:

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[37] *Id.* at 1510.

[38] *Id.* at 1354, 1356.

[39] *Id.* at 1355. He had earlier noted that the degree of abuse is in "direct ratio to the degree that established and accredited institutions of education have been involved." *Id.* at 1353.

[40] §302(a) (1) of the Commissioner's proposed Veterans' Education Act of 1952. *Id.* at 1555–1556.

[41] *Id.* at 1556–1557.

[42] H.R. Rep. No. 1943, 82nd Cong., 2nd Sess. 24 (1952), 98 Cong. Rec. 6378 (1952) (remarks of Representative Rankin introducing the bill).

[43] H.R. Rep. No. 1943, *supra*, note 42.

> It is to be emphasized that the contemplated function of the Office of Education is of a professional character only and it is not the intent of this subsection to give any veto to the Office of Education or to interfere fundamentally with the administrative authority vested in the Administrator of Veterans' Affairs.[46]

Interestingly, the VA did approve the accreditation provision.[47]

In conference, the VA retained the course approval authority which the House bill had given the Commissioner, but the latter's role in accreditation was retained.[48] Large issues loomed in the Congressional debates and the matter of accreditation was touched if at all only tangentially.[49] Some stress was placed, however, on the reduction in "red tape" resulting from a simplified administrative scheme of the act.[50]

As enacted, the Korean GI Bill required states to designate State approving agencies and if they failed to do so the VA Administrator would assume those functions. It authorized the State approving agencies to approve courses offered by an institution when they "have been accredited and approved by a nationally recognized accrediting agency or association" [51] and provided that the Commissioner of Education "shall publish a list of nationally recognized accrediting agencies and associations which he determines to be reliable authority as to the quality of training offered by an educational institution. . . ." [52] It also authorized state approval of non-accredited courses after the submission of requisite information and an investigation that statutory standards are met.[53] These included

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[44] *Id.* at 97–98.

[45] *Id.* at 111–112.

[46] *Id.* at 35.

[47] *Id.* at 110.

[48] H.R. Rep. No. 2481, 82nd Cong., 2nd Sess. (1952).

[49] Senator Hill pointed out that the measure "prescribes better and higher standards which schools must meet," 98 Cong. Rec. 8414 (1952) but in response to an inquiry from Senator Bridges as to who is to decide the standards he made no square reference to private accreditation. *Id.*

[50] 98 Cong. Rec. 6395 (1952) (remarks of Representative Teague), 98 Cong. Rec. 6641 (1952) (remarks of Representative Donohue), 98 Cong. Rec. 6638 (1952) (NEA position on reduction of administrative expenses put in record by Representative Rankin) and 98 Cong. Rec. 6640 (1952) (analysis of American Council on Education focusing on reduced costs put in record by Representative Rankin).

[51] The Veterans' Readjustment Assistance Act of 1952, Pub. L. 82–550, §253 (1952).

[52] *Id.*

[53] *Id.* at §254.

inter alia adequate space and personnel, adequate educational experience and qualifications of administration and faculty, compliance with local fire, building and sanitation codes, good reputation, financial stability and instruction consistent in quality, content, and length with similar courses in public schools and other private schools with recognized standards.

On September 17, 1952, the Commissioner of Education published the criteria, developed after "consultation with an advisory group of educators," for recognition as a national accrediting agency.[84] These required *inter alia* that: the scope of the organization be national or regional (i.e., encompassing several states); it serve a definite need; it perform no function that might prejudice its independent judgment; it make available to the public current information on its standards, operations and accredited programs or institutions; it only accredit institutions which are found on examination to meet pre-established standards; it has some experience in accrediting; and, it has gained general acceptance of its criteria and decisions. In addition, five procedural requirements were set out concerning the acquisition of information, use of qualified visitors, financial stability and re-evaluation. Recognition was conditioned on the assurance that accreditation will not be conditioned on the payment of any sum apart from any reasonable charges it might have, not exceeding the actual cost of accreditation.

The established criteria seem to fall well within the statutory authorization. Congress had been assured of the reliability of the standards and determinations of accrediting associations[85] and was concerned for the quality of education and training offered.[56] On the other hand, a serious problem of federal control of education seemed to be presented as well as a dispute between federal agencies.[57] There seems to have been a consensus, however, that these provisions imported no danger of federal control.[58] One of the few remarks explicitly directed to the accreditation provision came from the representative of the National Council of Chief State School Officers, who observed:

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[84] 17 Fed. Reg. 8929 (1952) (error corrected at 17 Fed. Reg. 8994 (1952)). Attached was a list of the six regional associations and 22 specialized agencies recognized pursuant to the criteria.

[85] Note the following colloquy between Representative Teague, who had chaired the earlier House investigation into abuses of the GI Bill and was a sponsor of H.R. 6425 *supra*, note 29, and Mr. Sam Coile, Assistant Administrator for Vocational Rehabilitation of the Veterans' Administration, in *Hearings Before the House Committee on Veterans' Affairs*, *supra* note 28 at 1331-32:

> Mr. Teague: Mr. Coile, would you tell us a little about nonaccredited courses and the approval of nonaccredited courses?
>
> Mr. Coile: You refer to institutions of higher learning?
>
> Mr. Teague: Yes.
>
> Mr. Coile: Well of course, the accrediting associations establish high standards in regard to courses of instruction that are provided by the members that are accredited by the associations. I think that is a very fine safeguard in respect to institutions of higher learning.
>
> Mr. Teague: What about nonaccredited courses?
>
> Mr. Coile: Nonaccredited courses in colleges?
>
> Mr. Teague: In colleges, public, private, profit and nonprofit.
>
> * * *
>
> Mr. Coile: I think the law ought to contain minimum safeguards. . . .
>
> Mr. Teague: Do you believe that nonaccredited courses should be consistent with the quality and content and length of similar courses?
>
> Mr. Coile: I see no reason for them to be lower in their standards . . .

> This section makes a magnificent contribution toward insuring that veterans shall receive accredited courses. It substitutes objective professional judgments of professional quality for discretionary judgments of a federal administrator.[59]

Moreover, the cost-conscious Congress was concerned for administrative expenses[60] and reliance on private agencies would reduce the cost of government carrying out individual inspections and evaluations[61] particularly in a sector that had provided little real problem in the past.

In sum, what seems to have been established was essentially a structure intended to minimize federal involvement and upon which state agencies and federal authorities could rely. Indeed, the language of the statute clearly assumed that there *were* recognized national accrediting agencies who were responsible authorities on the quality of education offered. Equally, the Commissioner's criteria seem simply to be built on what was sound practice among the accrediting organizations themselves.

Expansion of Reliance and the Refinement of Alternatives

National Defense Education Act. Section 103(b) of the National Defense Education Act of 1958[62] defined an institution of higher education for the purpose of the Act as an institution which (1) admitted only secondary school graduates or the equivalent, (2) was legally authorized to offer a program of post secondary education in the state, (3) provided a program of education leading to a bachelor's degree or not less than a two-year program which provides credit acceptable for such a degree, (4) was a public or other non-profit institution, and (5) was accredited by "a nationally recognized accrediting agency or association or, if not so accredited, is an institution whose credits are accepted, on transfer, by not less than three institutions which are so accredited." It reiterated *verbatim* the authorization for the Commissioner of Education to publish a list of "nationally recognized accrediting agencies or associations which he determines to be reliable authority as to the quality of training offered" found in the Korean GI Bill.

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[56] As the Deputy Administrator had written to the Chairman of the House Committee, "To simplify administration and eliminate abuses, educational institutions should be required to demonstrate the quality and worth of their courses before they become eligible to participate in this program." *Id.* at 114.

[57] It is relevant to note that the VA did not apparently see itself as threatened by the Office of Education's authority over recognition of accrediting agencies as it did by the statutory right of that office to coordinate and advise on state programs. *Supra* note 45. *See Also* the testimony of the Assistant Administrator for Legislation of the Veterans' Administration, Hearings, *supra* note 28.

[58] Statement of the President of Rutgers University on behalf of the Association of Land Grant Colleges and Universities. *Id.* at 1612.

[59] *Id.* at 1684.

[60] *Supra* note 50.

[61] The Bureau of the Budget's Examiner for Veterans' Affairs had urged that the new program "should, to the maximum extent possible, be self-administering." Hearings, *supra* note 28 at 1433.

[62] 20 U.S.C., §§401 et seq. (1970), 72 Stat. 1580 (1958).

The Act, a product of concern for the quality of American education and the production of a larger number of technologically trained personnel, was given considerable impetus by the launching of the Sputnik satellite by the Soviet Union.[63] It had nevertheless to contend with a vigorous opposition based on the threat of federal control over education put, perhaps, most strongly by Representative Johansen:

> By adopting this legislation you will give the greatest encouragement ever given by any Congress to that small but solid and utterly ruthless core of unblinding, unblushing, brazen advocates of definite, deliberate, all-out Federal control of education.[64]

Proponents of the measure stressed shortage of trained personnel[65] and argued that limitations on federal authority were workable.[66] During the hearings a number of spokesmen observed that the GI Bill had not resulted in federal control,[67] and it was widely urged that a limitation of institutional eligibility for student loans and scholarships to accredited institutions would accomplish the purposes of the Act.[68] Moreover, though not without variation many of the bills introduced relied at least to some extent on private accreditation, although not all would have included the publication requirement.[69]

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[63] H.R. Rep. No. 2157, 85th Cong., 2nd Sess. (1958). S. Rep. No. 2242, 85th Cong., 2nd Sess. (1958).

[64] 104 Cong. Rec. 16726 (1958). *Id.* at 16567–8 (remarks of Rep. Allen): *id.* at 16569 (remarks of Rep. Landrum): *id.* at 16576–7 (remarks of Rep. Dawson); *id.* at 16582–3 (remarks of Rep. Berry): *id.* at 16683 (remarks of Rep. Abbitt); *id.* at 16686–8 (remarks of Rep. Beamer); *id.* at 16691–2 (remarks of Rep. Garin); *id.* at 16720 (remarks of Rep. Passman); *id.* at 16737 (remarks of Rep. Jensen); *id.* at 16738–9 (remarks of Rep. Thomas); *id.* at 16694–7 (remarks of Rep. Brownson); *id.* at 16697 (remarks of Rep. Alger); and *id.* at 17328 (remarks of Sen. Lauche).

[65] 104 Cong. Rec. 16586–7 (1958) (remarks of Rep. Addonizio); *id.* at 16587–8 (remarks of Rep. Ashley); *id.* at 16588–9 (remarks of Rep. Haskell); and *id.* at 16689–91 (remarks of Rep. McGovern).

[66] *Id.* at 16690 (remarks of Rep. Frelinghuysen); *id.* at 16684 (remarks of Rep. Philben); *id.* at 16742 (remarks of Rep. Robison); and *id.* at 17330 (remarks of Sen. Johnson.)

[67] *Hearings Before a Subcommittee of the House Committee on Education and Labor on Bills Relating to a Federal Scholarship and Loan Program,* at 695 (remarks of HEW Secretary Folsom); at 68–69 (remarks of the Commissioner of Education); at 403 (remarks of the President of the Utah Congress of Parents and Teachers); at 349 (remarks of the President of Huron College); at 652 (remarks of the President Southern Oregon College). 85th Cong. 1st Sess. (1958).

It should also be noted that the language reported out by the House[70] and adopted in the final bill containing these definitional requirements,[71] did occasion some dispute largely concerning the exclusion of proprietary (for profit) institutions and the exclusion of programs not creditable toward a baccalaureate. The former excluded proprietary schools of business[72] some of which were accredited by an assocation recognized by the Office of Education pursuant to the Korean GI Bill. The latter affected accredited technical education, credits for which were nevertheless nontransferable toward a bachelor's degree[73] as well as hospital schools of nursing[74] and university extension education.[75] Thus, in the course of

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[68] *Id.* at 667, 2035 (statement of the American Council on Education), *id.* at 1663 (statement of the American Association of Land-Grant Colleges and State Universities and the State Universities Association), *id.* at 1799, 1807 (remarks of the U.S. National Student Association). *See Also Hearings Before Senate Committee on Labor and Public Welfare on Science and Education for National Defense,* at 257 (remarks of the Commissioner of Education) and at 421 (remarks of American Council on Education), 85th Cong., 2nd Sess. (1958).

[69] H.R. 10381 85th Cong., 2nd Sess. (1958), sponsored by the Committee chairman, while adopting much of the language of §103(b) omitted reference to any authority in the Office of Education to publish a list of recognized agencies but would give the Commissioner authority to "approve" such agencies. S. 2505, 85th Cong., 1st Sess (1957) would, like the National Science Foundation Act, simply require accreditation without further reference. However, S. 1727, 85th Cong., 1st Sess. (1957), sponsored by Sen. Javits defined an institution of higher education as a public or private non-profit college or university wholly without reference to accreditation. Similarly, Sen. Humphrey's bill, S. 869, 85th Cong. 1st Sess (1957) eliminated any reference to accreditation. S. 3157, 85th Cong., 2nd Sess. (1958) sponsored by Sen. Flanders listed the six regional associations in the bill and explicitly required accreditation by one of them thereby precluding any role for the Commissioner. Other variations were presented. S. 1237, 85th Cong., 1st Sess (1957) would require the "advice" of appropriate accrediting agencies. S. 2917, 85th Cong., 2nd Sess. (1958) relied on a state determination of whether an institution was eligible. S. 2967, 85th Cong., 2nd Sess. (1958) required that institutions be accredited but went on to provide that publicly operated institutions shall be deemed to be accredited and in all other cases "accreditation shall be determined by the Commissioner of Education."

[70] *Supra*, note 63.

[71] H.R. Rep. No. 2689, 85th Cong., 2nd Sess (1958).

[72] See the statement of the South Dakota Business School Association, *Hearings, supra* note 67, at 340. Statement of the National Association and Council of Business Schools, *Hearings Before the Senate Committee on Labor and Public Welfare, supra* note 68, at 1332–1335. It also affected proprietary technical training, *see* testimony on behalf of the Electronic Technical Institute, *Hearings, supra* note 67 at 1904.

[73] Statement on behalf of the Coordinating Committee on Scientific and Engineering Technicians, *Hearings supra* note 67 at 1447, *Senate Hearings supra* note 68 at 640-641, 645. Statement of National Society of Professional Engineers, *Hearings Before the Senate Committee on Labor and Public Welfare, supra* note 68 at 629, 635.

[74] *See* Statement by the Washington Hospital Center, *Hearings supra* note 67 at 1300, *Senate Hearings supra* note 68 at 853 supported by the American Hospital Association, *Hear-*

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testimony and interrogation on these issues some features of the accreditation system were developed[76] as well as criticism of it. One witness, the owner of a proprietary school for medical secretarial training[77] appearing on behalf of a number of interested parties,[78] challenged the "country club policies" [79] of regional accrediting agencies and called for the abolition of "discrimination being practiced through accreditation" including the elimination of federal reliance on accreditation and a full investigation of the Office of Education.[80] In the course of his testimony, the Committee's understanding of the ministerial character of the federal reliance on accreditation was underlined.[81]

Relatedly, Senator Allott observed, during his questioning of President Caldwell of the University of Arkansas, that some colleges scarcely deserve to be rated as secondary schools.[82] In response, President Caldwell relied on accreditation as an index of quality.[83] No further issue was made nor

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ings supra note 67 at 1201. The inclusion of hospital schools of nursing was opposed by the American Nurses' Association, *Hearings, supra* note 67 at 1846, *Senate Hearings, supra* note 68 at 1311–1312.

[76] Statement of American Association of Land-Grant Colleges and State Universities, *Hearings supra* note 67 at 1587, 1597, *Senate Hearings supra* note 68 at 700–702.

[76] The standards and principles of the Engineers Council for Professional Development for the accreditation of technical institutes was introduced in the *Senate Hearings, supra* note 68 at 646–655, and the accreditation of proprietary business schools was discussed in the *Hearings, supra* note 67 at 1605–1606. In addition, the REPORT OF THE WORKING COMMITTEE FOR THE DEVELOPMENT OF SUPPORTING TECHNICAL PERSONNEL OF THE PRESIDENT'S COMMITTEE ON SCIENTISTS AND ENGINEERS was introduced in the *Hearings supra* note 67 at 1463–1473 and the *Senate Hearings, supra* 68, at 663–672, urging that such technical training be eligible for regional accreditation.

[77] Mr. Claude E. Yates of the Zweegman School for Medical Secretaries, *Hearings, supra* note 67 at 596.

[78] California Council of Business Schools, Western Region of the Accrediting Commission for Business Schools, National Association and Council of Business Schools, and non-affiliated private, specialized schools in California. *Id.*

[79] *Id.* at 609.

[80] *Id.* at 599–600.

[81]

> Mr. Elliott [chairman of the subcommittee]: What does the United States Office of Education base its accreditation on? Is it not on what the local accrediting agencies do?
>
> Mr. Yates: But the local accrediting agencies do not extend that privilege to all recognized worthy institutions.
>
> Mr. Elliott: However, all the Office of Education is doing is just saying that a particular school has not been accredited by the local accrediting agency. Is that all they are [sic] saying?
>
> Mr. Yates: That is right.

Id. at 597.

[82] *Senate Hearings, supra* note 68 at 715.

[83]

> Mr. Caldwell: But our institutions gain accreditation, that is, gain authority to grant a recognized degree through membership in what we call the regional accrediting associations. In addition to the regional accrediting associations which accredit institutions to offer their bachelor's degree and so on and the master's and doctor of philosophy. We

was the reliance on accreditation raised in the Congressional debate save perhaps inferentially by the defendants of the measure who disclaimed that federal control would result.[84]

In sum, it seems beyond question that NDEA's section 103(b) was built squarely on the foundation laid by the Korean GI Bill. Congressional consideration of the reliance system, minimal as it was, nevertheless tends to support a view of the Office of Education's role as fundamentally ministerial. Indeed the "three letter" escape allowance for nonaccredited institutions reduced the federal role provided under the earlier act for the approval of nonaccredited courses. Interestingly, the publication authorization was seemingly taken from the earlier statute without a reconsideration of the use of the word "training" as opposed to "education", a term more appropriate to an act no longer concerned with on-the-job or on-the-farm vocational preparation.

Higher Education Facilities Act of 1963. Unlike its predecessors the Higher Education Facilities Act[85] was acknowledged as an aid-to-education measure as opposed to a catch-up for veterans or an emergency defense action and as such had a thorny path in Congress. The vagaries of various of its titles are not relevant here. Suffice it to note that the basic definition of an eligible "institution of higher education" in both the House and Senate versions was based on the language of NDEA. In addition to the requirements set out in Section 103(b) of NDEA, the House Committee's bill added the provision that for certain two year technical and semi-professional training, if the Commissioner determined there was no nationally recognized accrediting agency qualified to accredit the institution, the Commissioner of Education would appoint an advisory committee composed of persons specially qualified to evaluate the training provided by the institution. This committee would prescribe the requisite standards, content, scope and quality and would also determine whether particular

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> have accrediting associations in many of the professional fields, fields of medicine and law and social work or whatever it might be.
>
> * * *
>
> Sen. Allott: The point I am getting at is, is it possible that our accrediting agencies are not really doing the job that should be done. Who elects the accrediting agency?
>
> * * *
>
> Mr. Caldwell: An accrediting agency is representative of the practitioners in the field and the educators in the field.

Id. at 715–716

[84] As Senator Johnson put it, "We were looking for a way through which help would be extended without the control of Federal bureaucracy. And in this bill, I believe we have found it." 104 Cong. Rec. 17330 (1958). *See* particularly the statements of Senators Allott and Yarborough, both conferees, in support of the measure. *Id.* at 19079–80, 19085 respectively. The only voice speaking directly to this issue was Rep. Whitten who argued that educational deficiencies were themselves the products of the policies of the accrediting associations. *Id.* at 18740.

[85] Pub. L. 88–204, 77 Stat. 363 (1963).

institutions were in conformity.[86] Both the House and Senate versions would have provided for eligibility where the Commissioner found sufficient assurance that accreditation requirements would be satisfied upon completion of the project for which assistance is sought.[87] The conference accepted the House addition for two year technical education[88] and thus the final text contained a substantial addition to the Commissioner's authority to act independent of private accrediting agencies.[89] The question however, is whether additional authority was envisaged with respect to existing accrediting agencies.

It should be noted that the opponents of broad federal aid to education programs seemingly saw nothing inconsistent in reliance on private accreditation for more narrowly framed measures. Senator Goldwater, for example, dissented from the Senate report.[90] However, he sponsored his own Educational Opportunities Act[91] which provided *inter alia* for accreditation or acceptance of credits for transfer as a requirement for eligibility (omitting the publication requirement) and allowing a tax deduction for higher education expenses. The latter provision's definitional section would have required accreditation "by a recognized national or regional accrediting agency"—presumably allowing the Internal Revenue Service to determine accreditation status.[92] Interestingly, after strong opposition to comprehensive federal aid was expressed by the presidents of three private institutions[93] who favored a tax credit system, Senator Morse instructed the Committee staff to draft a bill embodying their suggestions. The resultant proposal ostensibly designed to curtail federal involvement nevertheless retained accreditation by a nationally recognized accrediting agency as a definitional element of institutional eligibility.[94]

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[86] H.R. Rep. No. 310, 88th Cong., 1st Sess. 2, 18 (1963).

[87] S. Rep. No. 557, 88th Cong., 1st Sess. 21 (1963).

[88] H.R. Rep. No. 884, 88th Cong., 1st Sess. 14 (1963).

[89] The complex definition of an institution of higher education provided in that section is worth noting in its entirety:

> The term "institution of higher education" means an educational institution in any State which—
>
> (1) admits as regular students only individuals having a certificate of graduation from a high school, or the recognized equivalent of such a certificate;
>
> (2) is legally authorized within such State to provide a program of education beyond high school;
>
> (3) provides an educational program for which it awards a bachelor's degree, or provides not less than a two-year program which is acceptable for full credit toward such a degree, or offers a two-year program in engineering, mathematics, or the physical or biological sciences which is designed to prepare the student to work as a technician and at a semiprofessional level in engineering, scientific, or other technological fields which require the understanding and application of basic engineering, scientific, or mathematical principles or knowledge;
>
> (4) is a public or other nonprofit institution; and
>
> (5) is accredited by a nationally recognized accrediting agency or association listed by the Commissioner pursuant to this paragraph or, if not so accredited, is an institution whose credits are accepted, on transfer, by not less than three institutions which are so accredited, for credit on the same basis as if transferred from an institution so accredited: *Provided, however,* That in the case of an institution offering a two-year program in engineering, mathematics, or the physical or biological sciences which is designed to prepare the student to work as a technician and at a semiprofessional level in engineering, scientific, or technological fields which require the understanding and application of basic engineering, scientific, or mathematical principles or knowledge, if the Commissioner determines there is no nationally recognized accrediting agency or association qualified to accredit such institutions, he shall . . . appoint an advisory committee, composed of persons specially qualified to evaluate training provided by such institutions, which shall prescribe the standards of content, scope, and quality which must be met in order to qualify such institutions for assistance under this Act and shall also determine whether particular institutions meet such standards: *Provided, however,* That the requirements of this clause (5) shall be deemed to be satisfied in the case of an institution applying for assistance under this Act, if the Commissioner determines that there is satisfactory assurance that upon completion of the project for which such assistance is requested, or upon completion of that project, and others under construction or planned and to be commenced within a reasonable time, the institution will meet such requirements; and for the purposes of this paragraph the Commissioner shall publish a list of nationally recognized accrediting agencies or associations which he determines to be reliable authority as to the quality of education or training offered.

As with consideration of the NDEA, a variety of measures of varying purposes were introduced, some like Senator Goldwater's relied on accreditation without reference to the authority of the Commissioner to recognize accrediting agencies.[95] Others tended to track the earlier statute[96] and others ignored accreditation altogether.[97] As with consideration of the NDEA the effectiveness of an earlier law, (in that case the Korean GI Bill and in this case the NDEA) was relied on as evidence of federal assistance without federal control,[98] and evidence of accreditation policies and practices, in this instance largely relating to technical and semi-professional education, was introduced.[99]

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[90] *supra* note 87 at 24–27.

[91] S. 181, 88th Cong., 1st Sess. (1963).

[92] Apparently Senator Goldwater did not see this as involving federal control or multiplying federal bureaucracy. *Hearings Before the Subcommittee on Education of the Senate Committee on Labor and Public Welfare*, 88th Cong., 1st Sess., 278–279, 286 (1963) (testimony of Sen. Goldwater).

[93] Rockford College, *id* at 1127–1129; Earlham College, *id.* at 1130–1134; Stetson University, *id.* at 1135–1139.

[94] *Id.* at 1141.

[95] S. 390, 88th Cong., 1st Sess. (1963), S. 1115, 88th Cong., 1st Sess. (1963).

[96] S. 500, 88th Cong., 1st Sess. (1963) (sponsored by Sen. Javits), S. 580, 88th Cong., 1st Sess. (1963) (sponsored by Sen. Morse).

[97] S. 389, 88th Cong., 1st Sess. (1963) (sponsored by Sen. Humphrey would rely on an IRS determination of nonprofit educational status under the Internal Revenue Code).

[98] *See e.g., Hearings, supra* note 92 at 738 (remarks of Sen. Gruening). A precursor, the College Academic Facilities Act of 1962, H.R. 8900, 87th Cong., 2nd Sess. (1962) died in conference the previous year. 108 Cong. Rec. 20152–53 (1962). Its definition section was largely tracked in the instant measure save for the special treatment for two-year technical training. Of it, Rep. Green observed in response to a question of Rep. Vanik, "We were reminded of some of the experience, however, which we had under the GI Bill. We felt we had to have some form of accreditation. I think most of us will agree that there were many fly-by-night institutions set up under that program" *Id.* at 1156.

The picture that emerges simply reinforces the previously held assumption by Congress that the role of the Office of Education with respect to voluntary accreditation was to be essentially ministerial. Indeed, the grant of authority for the Commissioner to engage in accreditation where no nationally recognized agency was to be found or to allow eligibility to nonaccredited institutitons was chosen in explicit contradistinction to the notion of authority to regulate the internal affairs of such agencies.

Health Professions Educational Assistance Act of 1963. The Health Professions Educational Assistance Act of 1963,[100] a response to the demand for the production of a greater number of professional health personnel,[101] provided for construction grants for health teaching facilities to be approved by the Surgeon General. It defined an eligible applicant as a nonprofit institution in one of a number of enumerated health professions and required that it be accredited by a recognized body or bodies approved for such purposes by the Commissioner of Education. It deemed as accredited, however, any institution for which the Commissioner found, after consultation with the appropriate accrediting body or bodies, there to be a reasonable assurance of meeting accreditation standards after completion of the facility. The authorization to publish a list of recognized accrediting agencies was curiously omitted.[102]

Much of the attention in committee focused on the eligibility of various health disciplines and the testimony almost invariably dwelt, albeit briefly in many cases, on the mere fact of accreditation.[103] In one instance concern was expressed by a member of the House committee for the need of an accrediting agency, explicitly harkening back to the Korean GI Bill.[104] In another, a witness objected to the accreditation policies of the American Medical Association with respect to colleges for chiropractors and other practitioners of drugless healing.[105] He urged that the bill be amended to provide explicit additional directives to the Commissioner of Education[106] but his urging was not followed. It was only upon the appearance of the representatives of the American Medical Association that anything proximate to an issue of the appropriate status of accreditation was raised,[107] to be discontinued as briefly as it had commenced.[108]

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[99] Report of an Advisory Group on Higher Education to the House Committee on Education and Labor. *Id.* at *1549–1559. Hearings Before the House Committee on Education and Labor,* 88th Cong., 1st Sess. 1000-1001 (1963) (testimony of the National Society of Professional Engineers). The Council for the Advancement of Small Colleges had specifically urged the enactment of the credit transferability standard as of benefit to its unaccredited members. *Hearings, supra* note 92 at 1858, 1869.

[100] Pub. L. 88–129, 77 Stat. 164 (1963).

[101] S. Rep. No. 485, 88th Cong., 1st Sess. (1963), H.R. Rep. No. 109, 88th Cong., 1st Sess. (1963)

[102] Most of the measures introduced are curiously neglectful of that provision given the contemporaneity of the Higher Education Facilities Act. *See* H.R. 180, 88th Cong., 1st Sess. (1963), H.R. 3182, 88th Cong., 1st Sess. (1963), and H.R. 2527, 88th Cong., 1st Sess. (1963). At least one, H.R. 3180, 88th Cong., 1st Sess. (1963) would give authority to recognize accrediting agencies to the Surgeon General. In the debate on the floor of the House, Rep. Quie argued that it was an aid to education measure which should be administered by the Commissioner of Education. 109 Cong. Rec. 6985 (1963). He objected to the fragmentation of educational assistance programs and offered an amendment containing *inter alia* the now customary publication authorization which did not pass. *Id.* at 6840–41, 6884.

[103] *Hearings Before the House Committee on Interstate and Foreign Commerce on Health Professions Educational Assistance,* 88th Cong., 1st Sess. (1963). *Id.* at 182 (testimony of American Dental Association); *id.* at 335–36 (testimony of Association of American Medical Colleges) and *id.* at 317. (testimony of American Association of Colleges of Pharmacy) *Hearings Before*

Although the publication requirement was omitted from this legislation, its enactment is relevant to this discussion for it sheds some light on what the Congress understood the function of accreditation to be,[109] and the almost total inattention to the role of the Office of Education as well as the omission of the publication requirement is evidence that the Office's function in accreditation was considered (if at all) purely ministerial.

NDEA Amendments of 1964. Following in the wake of the hearings

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the Subcommittee on Health, Senate Committee on Labor and Public Welfare, 88th Cong., 1st Sess. (1963). *Id.* at 223 (statement of the American Optometric Association) and *id.* at 206 (testimony of the American Podiatry Association).

[104] Representative Cunningham stated in his questioning of HEW Secretary Celebrezze concerning schools of podiatry:

> I have nothing against foot doctors, but I am just wondering whether there is any accrediting agency that would make a determination or a judgment as to which of these schools might be properly run and managed. When we had the GI Bill, we had, in my opinion, a lot of schools that sprang up overnight that got rich quick with no great deal of supervision, and I was wondering if there is any accrediting agency for podiatry.

House Hearings, supra note 103 at 63.

[105] *Id.* at 237 (testimony on behalf of the American Health Federation).

[106] The amendment would have provided:

> It is the intent of Congress that reasonable and fair standards for accreditation shall be set up by the Commissioner of Education to accredit chiropractic, and other drugless healing schools, and the Commissioner will take extra safeguards to prevent unfair accreditation requirements by which the standards of one recognized health profession are imposed on another.

Id. at 238.

[107] Rep. Rogers inquired of the status of AMA accreditation and upon being informed it was "voluntary" observed, "You are saying, in effect, that they do not have to be accredited; that it is voluntary. That is like telling a man he does not have to work; he can starve to death." *Id.* at 288.

[108] *Id.* at 289.

[109] A major issue did concern the eligibility of institutions which had racially discriminatory policies. Sen. Javits proposed an amendment prohibiting discrimination, pointing out that 6 of 87 accredited medical schools refused to admit Negroes and that 32 of 243 nursing schools listed by the National League for Nursing bore an indication on the list that they refused to admit Negroes. 109 Cong. Rec. 19826 (1963). Interestingly, Rep. Rogers had asked Secretary Celebrezze whether the accreditation agencies would revoke the accreditation of an institution if it practiced an abuse of any kind—the Secretary assumed, inaccurately, that it would. *House Hearings, supra* note 103 at 48–50.

held for the proposed 1963 legislation, these amendments[110] extended the student loan provisions of the NDEA to otherwise ineligible but accredited non-profit business schools and technical institutes.[111] The House version would have extended coverage to all schools of nursing.[112] The Senate bill contained no such provision and the compromise eliminated the House's extension of eligibility to diploma (*i.e.*, hospital) schools of nursing, while retaining the provision for collegiate and associate degree programs. Inasmuch as these were required to be accredited and were defined as awarding a baccalaureate or graduate degree or an associate degree following a two year program respectively, the conference report made clear that this "did not intend to make changes in existing laws. The inclusion of the definition is merely to insure continuation of existing administrative practice." [113] The opposition focused again on federal control and the expansion of educational programs in the name of national defense.[114]

Nurse Training Act of 1964. The failure to deal with hospital schools of nursing under the 1964 NDEA amendments was corrected by the passage of the Nurse Training Act of 1964,[115] itself modeled in part on the Health Professions Educational Assistance Act.[116] Accordingly, it required that all three categories of nurse training (collegiate, associate and diploma) be accredited by a recognized body or bodies approved for such purpose by the Commissioner of Education, but it allowed an unaccredited institution to be deemed accredited if the Commissioner found, after consultation with the appropriate accrediting agency or agencies, that there was reasonable assurance the program would meet accreditation standards. The latter alternative for hospital schools of nursing was added by the Senate Committee which conceived of one purpose of the Act as enabling many of the large number of unaccredited nursing schools to meet accreditation standards.[117] It was strongly opposed by the American Hospital Association which urged that state approval of hospital schools of nursing should suffice.[118] It was favored with equal vigor by both the American Nurses Association[119] and the National League for Nursing,[120] the accrediting agency recognized by the Commissioner of Education. The NLN had argued the importance of accreditation as a guarantee of quality, likening it to a trademark as a "seal of excellence." Both organizations nevertheless also favored the "reasonable assurance" test for as yet unaccredited programs. It seems clear that the passage of the Act represented a congressional policy highly deferential to specialized nursing accreditation;[121] it was a policy to be sharply buffeted in but a short period.[122]

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[110] Pub. L. 88–665, 77 Stat. 1100 (1964).

[111] S. Rep. No. 1275, 88th Cong., 2nd Sess. (1964). The President of the United Business Schools Association (a product of the merger in 1962 of the National Association and Council of Business Schools and the American Association of Business Schools), informed the House Committee that following the passage of the Korean GI Bill, the Accrediting Commission for Business Schools, affiliated with his organization, was founded and was recognized by the Office of Education in 1956. He explained that, "The accrediting commission was organized specifically for schools for whom there was no other avenue of accreditation." *Hearings Before the Subcommittee on Education, House Committee on Education and Labor*, 88th Cong., 1st and 2nd Sess. 510–511 (1964).

[112] H.R. Rep. No. 1629, 88th Cong., 2nd Sess. (1964).

[113] H.R. Rep. No. 1916, 88th Cong., 2nd Sess. 14 (1964).

[114] S. Rep. No. 1275, *supra* note 111 at 78 (individual views of Senators Goldwater and Tower), H.R. Rep. No. 1639, *supra* note 111 at 53 (individual views of Representatives Godell and Quie), 110 Cong. Rec. 17700 (1964) (views of Sens. Tower and Goldwater).

[115] Amendments to the Public Health Service Act, Pub. L.-88-581, 78 Stat. 908 (1964).

[116] 110 Cong. Rec. 16495 (1964) (remarks of Rep. Roberts in introducing the bill).

[117] S. Rep. No. 1378, 88th Cong., 2nd Sess. 4, 7–8 (1964). This also represented the ad-

Higher Education Act of 1965. This omnibus legislation[123] built considerably on the reliance-recognition system. In addition to announcing a policy favorable to the attainment of accreditation in the provision of assistance for library resources[124] and applying the accreditation-reasonable

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ministration's policy. *Hearings Before the Subcommittee on Public Health and Safety of the House Committee on Interstate and Foreign Commerce on the Nurse Training Act*, 88th Cong., 2nd Sess. (1964) (testimony of Special Assistant to the Secretary, HEW).

[118] *Hearings Before House Subcommittee*, *supra* note 117 at 73, 81, 84. *Hearings Before the Subcommittee on Health, Senate Committee on Labor and Public Welfare on Nurse and Graduate Public Health Training*, 88th Cong., 2nd Sess. 63-64 (1964) (remarks on behalf of the American Hospital Association). H.R. 5062, 88th Cong., 1st Sess. (1963) and H.R. 5248, 88th Cong., 1st Sess. (1963) proposed reliance on state approval.

[119] *Hearings Before the House Subcommittee*, *supra* note 117 at 100. *Hearings Before the Senate Subcommittee*, *supra* note 118 at 57.

[120] *Hearings Before the House Subcommittee*, *supra* note 117 at 127–128. *Hearings Before the Senate Subcommittee*, *supra* note 118 at 66–70.

[121] Rep. Roberts remarks are noteworthy: "There are a number of schools of nursing today which qualify for national accreditation, but have not done so because there is no incentive for them to do so. If we are to have a Federal program of assistance to schools of nursing, it seems reasonable to require that the schools meet certain minimum standards, and this is provided for in the bill." 110 Cong. Rec. 16436 (1964).

[122] See discussion *infra* at pp. 363–368.

[123] Pub. L. 89–329, 79 Stat. 1219 (1965).

[124] The definitional section, to be discussed *infra*, defined an institution of higher education in part in terms of accreditation. Accordingly, §206 provided that an institution "shall be deemed to have been accredited by a nationally recognized accrediting agency or association if the Commissioner determines that there is satisfactory assurance that upon acquisition of the library resources . . . or . . . other library resources planned to be acquired within a reasonable period of time, the institution will meet the accreditation standards of such agency or association." Reliance on accreditation did not pass entirely unchallenged. The Commissioner of Education pointed out to the Senate Committee that 50% of four year institutions and 82% of two year institutions fall below "accepted minimum standards in the number of volumes in their libraries." *Hearings Before the Subcommittee on Education, Senate Committee on Labor and Public Welfare on Higher Education Act of 1965*, 89th Cong., 1st Sess. 100 (1965). When Senator Clark asked the source of the standard and was informed it was the American Library Association the Senator remarked:

> . . . this would be the pressure group in the public schools, the library association—those with probably the greatest and most estimable motives in the world are nonetheless promoting the objectives of their own association, and you and the Secretary are accepting those standards.

Id. at 150. The ALA's standards were put in the record. *Id.* at 136–150.

assurance test as part of the definition of a "developing institution" for eligibility for special assistance,[125] it provided an institutional definition for the purposes of reduced-interest student loan insurance[126] and amended the definitional section of the NDEA[127] building on the Higher Education Facilities Act. The major addition was the eligibility of any public or nonprofit collegiate or associate degree school of nursing or any other school providing not less than a one year program preparing students for gainful employment in a recognized occupation. A "satisfactory assurance" test for non-accredited institution was added as was the possibility of direct federal accreditation where the Commissioner determined there to be no nationally recognized accrediting agency or association qualified to accredit schools in a particular category. Both provisions and the final definitional section provided for the publication of a list of such nationally recognized agencies which the Commissioner determined to "be reliable authority as to the quality of training offered." [128]

Congressional debate on the accreditation aspects was minimal[129] inasmuch as these were viewed as technical matters to be built on or compared with the Higher Education Facilities Act.[130] It is clear that the desirability of accreditation played a significant role in the thinking on library resources[131] and developing institutions.[132] Moreover, representatives of various vocational and occupational schools had urged the broadening of eligibility for reduced interest student loan guarantees[133] which the Senate[134] and eventually the House[135] accepted as including unaccredited schools which in the Commissioner's judgment could become accredited in a reasonable time, collegiate and associate degree schools of nursing and occupational schools offering not less than a one-year program.

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[125] Pub. L. 89-329, §302(a) (1) (B) defined a developing institution as *inter alia* one which "is accredited by a nationally recognized accrediting agency or association determined by the Commissioner to be reliable authority as to the quality of training offered or is, according to such an agency or association, making reasonable progress toward accreditation. . ."

[126] *Id.* at §435.

[127] *Id.* at §461.

[128] *Id.* at §801(a).

[129] Apart from a brief equation of accreditation with quality, 111 Cong. Rec. 21904 (1965) (remarks of Rep. Fogarty) and the need to upgrade developing institutions in terms of accreditation status, *id.* at 21908 (remarks of Rep. Tunney).

[130] *Senate Hearings, supra* note 124 at 96 (remarks of Sen. Javits); *Hearings Before the Subcommittee on Education of the House Committee on Education and Labor on the Higher Education Act of 1965*, 89th Cong., 1st Sess. 135 (remarks of the Commissioner of Education).

[131] S. Rep. No. 673, 89th Cong., 1st Sess. 25 (1965).

[132] *Id.* at 31. H.R. Rep. No. 621, 89th Cong., 1st Sess. 16 (1965).

[133] *House Hearings, supra* note 130 at 506–508, 520 (remarks of the President of the Draughton School of Business). *Senate Hearings supra* note 124 at 972 (remarks on behalf of the National Council of Technical Schools); *id.* at 982–983 (remarks on behalf of the Home Study Council).

[134] *Supra* note 131.

[135] H.R. Rep. No. 1178, 89th Cong., 1st Sess. 66 (1965).

The warmth of the legislative policy toward accreditation[136] was not apparently chilled by the vigor of challenges raised in the hearing. The American Personnel and Guidance Association and the American Vocational Association called for a study of the problems of accrediting vocational and technical schools[137] and the American School Counselor Association encouraged strengthening the Commissioner's authority "in determining nationally recognized accrediting agencies in business, technical and trade institutions" pointing out that counselors have had "considerable difficulty knowing in many cases, the adequacy of the training advertised." [138] Most critical was the American Association of Junior Colleges which called attention to the "entire matter of accreditation." [139] Particularly vexing to the junior colleges was the problem of multiple accreditation by regional and specialized accrediting agencies particularly in view of difficulties encountered under the Nurse Training Act.[140] It urged that "a study of specialized accreditation be undertaken by the U.S. Commissioner of Education and the National Commission on Accrediting for the Guidance of Congress in drafting legislation." [141] Congress was to call for a similar report five years later.[142]

Additional 1965 Legislation. Three other pieces of legislation enacted in 1965 should be briefly noted: The National Student Vocational Loan Act of 1965,[143] directed to non-postsecondary education, nevertheless provided a set of qualifying indicia if accreditation was not available, including state and ultimately federal accreditation, and authorized the Commissioner to publish a list of both voluntary and state accrediting agencies. As in the Korean GI Bill the definition was clearly geared to the exclusion of "fly-by-night" vocational training.[144]

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[136] Interestingly, it was argued to the Senate Committee that the creation of the alternative of federal accreditation where no voluntary agency existed would "provoke" the creation of a private accrediting body. *Senate Hearings, supra* note 124 at 1069 (remarks on behalf of the United Business Schools Association). This seems justified. Indeed the Associate Commissioner for Higher Education pointed out to the House Committee that the alternative of accreditation through an advisory committee established in the Higher Education Facilities Act (and followed here) had resulted in a greater willingness in regional accrediting agencies to grant provisional accreditation and the Commissioner pointed out that he had not appointed an advisory committee under that Act. *House Hearings, supra* note 130, at 136.

[137] *Id.* at 839, 847.

[138] *House Hearings, supra,* note 130, at 603.

[139] *Senate Hearings, supra* note 124, at 1120.

[140] A lengthy statement including a list of meetings with interested agencies, resolutions of the AAJC and the Office of Education's own list of recognized agencies was submitted. *Id.* at 1120–1122.

[141] *Id.* at 1126. Senator Yarborough informed the AAJC representative that the matter would be called to the attention of the Office of Education to make a preliminary study. *Id.* at 1120.

[142] *See* discussion *infra* at 367–368.

[143] Pub. L. 89-287, 79 Stat. 1037. The vocational student loan program was initially part of the proposed Higher Education Act but the House Committee decided to sever it, and the Senate Committee agreed. S. Rep. No. 755, 89th Cong., 1st Sess. 1–2 (1965).

The State Technical Services Act of 1965,[145] intended to effectuate a greater dissemination of science and technology[146] while relying on private accrediting agencies, nevertheless held open the possibility of federal accreditation. It authorized the publication of a list of both accrediting agencies and those institutions which the Commissioner found qualified following an evaluation by an advisory committee appointed by him.

Interestingly, a provision of Medicare[147] dealing with hospitals deemed an institution to have met a set of extensive definitional requirements if it was accredited by the Joint Commission on Accrediting and also authorized the Secretary of HEW to treat the requirements as met if he found that accreditation by the American Osteopathic Association "or any other national accreditation body provides reasonable assurance" that the enumerated statutory standards would be met.

1968 Legislation. Two pieces of legislation in 1968 should be noted. The Higher Education Amendments of 1968[148] reiterated the requirement of accreditation in the establishment of eligibility for fellowships for public service with the wrinkle of requiring approval and authorizing publication of a list of such agencies by the Secretary rather than the Commissioner. Interestingly, while the aid to graduate education provisions of that legislation was viewed as curbing the "disturbing trend toward conformity" and the "headlong process of professionalization"[149] no similar concern or interest seems to have been generated concerning the accreditation language.[150]

The Vocational Education Amendments of 1968[151] added a definitional section for a "private vocational training institution" to the Vocational Education Act of 1963 largely tracking the definitional section discussed previously of the National Student Vocational Loan Act of 1965, allowing alternatively for State and Federal accreditation in the event no nationally recognized private accrediting agency was found to exist. The provision originated in the House[162] and was accepted by the Senate without dispute.[163]

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[144] "It was the determined intent, however, that the 'fly-by-night' institutions of the post-World War II era be explicitly eliminated from eligibility." S. Rep. No. 758, *supra* note__at 12. H.R. Rep. No. 308, 89th Cong., 1st Sess. (1965) noted that the House subcommittee "devoted a majority of its attention" to the problem of institutional eligibility and reiterates the Senate Committee's concern for the fly-by-night experience. *Id.* at 9. Appendix 9 of that reported listed the Office of Education's list of recognized accrediting agencies. 111 Cong. Rec. 14122 (1965) (remarks of Rep. Meeds regarding the exclusion of "fly-by-night" schools).

[145] Pub. L. 89-182, 79 Stat. 679.

[146] S. Rep. No. 421, 89th Cong., 1st Sess. (1965).

[147] Social Security Amendments of 1965, 79 Stat. 286.

[148] Pub. L. 90-575, 82 Stat. 1014.

[149] S. Rep. No. 1387, 90th Cong., 2d. Sess. 53 (1968).

[150] The Conference report, H.R. Rep. No 1938, 90th Cong., 2d. Sess. (1968) lacks any attention to this matter.

[151] Pub L. 90-576, 82 Stat. 1064.

Education Amendments of 1972. The now traditional reliance on private accreditation was continued in three portions of the Higher Education Amendments of 1972.[164] In providing emergency assistance to institutions of higher education, the definitional section required accreditation or "satisfactory assurance", or credit transferability in lieu thereof and authorized publication of a list in the now traditional language. Second, it amended the Higher Education Act of 1965 to include accredited collegiate and associate degree schools of nursing and defined "accredited" as meaning accredited "by a recognized body or bodies approved for such purpose by the Commissioner." It also added a definitional section dealing with proprietary institutions of higher education which required *inter alia* accreditation by a body approved by the Commissioner, and it reiterated the publication authorization for the purposes of that section. Third, it added a new definitional section to include community colleges, requiring either accreditation by a nationally recognized accrediting agency or association or the attainment of a recognized pre-accreditation status from such agency or credit transferability. No reference to the Commissioner or a publication requirement was referred to in this amendment.

It appears that these provisions did not warrant particular comment by the relevant committees[165] nor during the course of the hearings was any attention paid either to these provisions in particular or to the accreditation-reliance system in general.[166] Although the chairman of the Newman Commission testified before both bodies[167] on the criticism levelled against the higher education system in the Commission's report, its comments on accreditation was nowhere alluded to. Interestingly, Secretary Richardson did observe to the Senate Committee:

> Career ladders are so encumbered with requirements for certificates and credentials that "doing time" in school has become nearly the only avenue to advancement. Accrediting bodies have come to protect the professional views of guilds more aggressively than the changing needs and interests of consumers.[168]

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[162] H.R. Rep. No. 1647, 90th Cong., 2d Sess. 27, 51 (1968).

[163] H.R. Rep. No. 1938, 90th Cong., 2d Sess. 46 (1968).

[164] Pub. L. 92-318, 86 Stat. 235.

[165] S. Rep. No. 604, 92nd Cong., 2d Sess. (1972). S. Rep. No. 798, 92nd Cong., 2nd Sess. (1972) (Conference).

[166] *Hearings on Higher Education Amendments of 1971 Before the Special Subcommittee on Education, House Committee on Education and Labor*, 92nd Cong., 1st Sess. (1971), *Hearings on Education Amendments of 1971 Before Subcommittee on Education, Senate Committee on Labor and Public Welfare*, 92nd Cong., 1st Sess. (1971).

[167] *House Hearings, id.* at 745–775, Senate Hearings, *id.* at 2461–2469.

[168] *Senate Hearings, id.* at 697.

This statement, however, was delivered in testimony relating to the proposed National Foundation for Higher Education which the Secretary envisaged as encouraging innovation; it had no reference to the accreditation requirements of this or any predecessor legislation.

The Challenge to Specialized Accreditation

Health Professions Educational Assistance Amendments of 1965. The conflict between generalized regional accreditation and specialized program accreditation complained of by the junior college association[159] and earlier by the American Hospital Association[160] came to the fore in a House proposed amendment to the Nurse Training Act which would have deleted the requirement of accreditation of collegiate and associate schools of nursing by a body recognized by the Commissioner (or reasonable assurance) and substituted approval by a regional association or a State approval agency.[161] The House Committee noted that a number of junior colleges were troubled by the delay and expense of multiple accreditation and were concerned about an increased reliance on specialized accreditation.[162] It concluded that the demand for manpower and the reliability of regional or state accreditation outweighed any claim to greater quality in the current system and that the accreditation provisions could be "modified" without impairing the goals of the Act.[163] In the debate in the House opponents pointed out that the amendment was inserted at the last minute in executive session and that no hearings had been held on the proposal.[164] They stressed that the measure was, in effect, an attack on the accrediting policies of the National League for Nursing, recognized by the Commissioner as the sole agency for accreditation of all nursing programs and put up a stout defense of the League's work.[165] Interestingly, the American Hospital Association had seemingly altered its position[166] and the amendment was also opposed by the Office of Education.[167] Proponents argued, in effect, that too many worthy programs were not being accredited[168] in the face of a critical demand for trained manpower and questioned the repose of governmental authority in private groups, apparently without observing a[illegible]consistency insofar as regional accreditation is concerned.[169]

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[159] *Supra* note 137.

[160] *Supra* note 118.

[161] H.R. Rep. No. 781, 89th Cong., 1st Sess. (1965).

[162] *Id.* at 20.

[163] *Id.* at 21.

[164] 111 Cong. Rec. 22402 (1965) (remarks of Rep. Cohelan), *id.* at 22454, 22468 (remarks of Rep. Cunningham).

[165] *Id.* at 22402 (remarks of Rep. Cohelan), *id.* at 22394 (remarks of Rep. Vanik), *id.* at 22453 (remarks of Rep. Cunningham), *id.* at 22457 (remarks of Rep. King), *id.* at 22460 (remarks of Rep. Redlin), *id.* (remarks of Rep. Carter).

[166] *Id.* at 22455–56 (letter from American Hospital Association).

[167] *Id.* at 22456 (statement of the Office of Education).

[168] The Senate report pointed out that of 131 junior college nursing programs, only 3 had been fully accredited and 32 granted "reasonable assurance" of accreditation. S. Rep. No. 789, 89th Cong., 1st Sess. (1965).

By p[illegible] agreement no amendment to this section was to be offered and the debate in the House was for the information of the Senate.[170] The Senate Committee on Labor and Public Welfare struck the amendment but inserted a substitute defining an eligible program as one accredited by a body recognized for such purpose by the Commissioner "or a program acccredited for the purpose of this Act" by the Commissioner.[171] It was explained that HEW Under-Secretary Cohen would hold meetings with various interested groups and would propose further legislation if needed.[172] Although HEW vigorously opposed the measure[173] the compromise was acceptable to the House advocates who had been assured that junior colleges would be adequately taken care of[174] and thus the authority of the Commissioner explicitly to accredit nursing programs became law. At no point, however, did the debate focus on the amendment to the definitional section of the 1963 Act which allowed an unaccredited institution, not eligible for accreditation due to insufficient time of operation, to be eligible for grants if the Commissioner in consultation with the Surgeon General and the appropriate accrediting body found there was "reasonable ground to expect" the school will meet accreditation standards within a reasonable period after the grant.[175]

Allied Health Professions Personnel Training Act of 1966. The House reported measure was intended to expand the eligibility of allied health programs in junior colleges.[176] It would have amended the definition of an eligible institution for reduced interest student loan insurance under the Higher Education Act of 1965 by including schools of health and diploma schools of nursing and by expanding the definition of "accredited" to include nursing schools otherwise ineligible for accreditation but for which the Commissioner found, in consultation with the accreditation agency, that there was reasonable assurance that accreditation standards would be met.[177] It would also have expanded the definition of a "training center for allied health professions" to include a division of a junior college, college or university which offers certain allied health programs and *inter alia* was or was in a college which was accredited by a body or bodies approved by the Commissioner or, if a junior college, was regionally accredited or there was "satisfactory assurance" afforded the accrediting agency to the Surgeon General that "reasonable progress is being made toward accreditation by such junior college." [178]

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[169] Representative Moss put it, "I do not know why the Government of the United States should require a private group to spell out the standards. . . ." 111 Cong. Rec. 22461 (1965). Representative Rogers of Florida, the amendment's sponsor, noted, ". . . I do not think we ought to make these junior colleges go to a private organization—a private organization—to get their clearance before tax dollars are given to the nursing schools and students. . . ." *Id.* at 22462. Representative Griffin stated that, "In my view, the interpretation placed on the present law by the Commissioner of Education, requiring accreditation by this private organization, is unduly restrictive and not in the public interest." *Id.* at 22463.

[170] *Id.* at 22398.

[171] S. Rep. No. 1378, *supra* note 117 at 7. The Committee observed that it was not its intent to encourage federal accreditation of nursing schools on a "massive scale" but it did conclude that some excellent programs were not accredited which should be eligible. *Id.*

[172] *Id.* See also 111 Cong. Rec. 22645 (1965) (remarks of Sen. Hill).

[173] In a letter to the Committee, Under-Secretary Cohen pointed out that regional and state accreditation relate to the school as a whole and not to any specialized program. Accordingly, he questioned the impact on quality. In addition, he pointed out that,

> . . . under existing law there is no restriction on the accrediting body or bodies which the Commissioner of Education may recognize for the purposes of this act. If he should find, therefore, that accrediting bodies other than the National League for Nursing have developed accrediting or approval programs that give attention to the quality of nurse eduction programs in colleges or junior colleges he could recognize these additional bodies for accreditation purposes.

S. Rep. No. 1378 *supra* note 117 at 17.

[174] 111 Cong. Rec. 26496, 26497 (1965) (remarks of Reps. Rogers and Moss).

[175] 79 Stat. 1054.

The Senate Committee rejected the amendment to the Higher Education Act but with minor technical alteration accepted the latter provision.[179] For those to whom multiple accreditation was undesirable, the language was viewed as a step forward[180] and it became law.[181] Interestingly, the acceptance of regional accreditation in the statute seems to foreclose, at least for the purposes of this Act, any opportunity for the Commissioner of Education to disapprove of any of those organizations under any revision of his criteria for recognizing as responsible such agencies. It posed, as will be noted later, another factor to be weighted in arriving at a conclusion as to the degree of latitude possessed by the Commissioner to alter these criteria. As in all the hearings discussed but particularly noteworthy here in view of the *statutory* reliance on regional accreditation, no testimony or statement was presented on behalf of any regional accrediting association.

Health Manpower Act of 1968. An attempt had been made the prior year to delete the authority of the Commissioner to accredit schools of nursing directly under the Nurse Training Act as amended by the Health Profession Educational Assistance Amendments of 1965.[182] Under-Secretary Cohen favored the deletion of that authority on the assumption that the various institutional and accrediting agencies would arrive at a solution.[183] The situation was fully detailed in the House Committee's report which observed of the accreditation reliance system:

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[176] H.R. Rep. No. 1628, 89th Cong., 2d Sess. 17–18 (1966).

[177] *Id.* at 29, 72–73.

[178] *Id.* at 51.

[179] S. Rep. No. 1722, 89th Cong., 2d Sess. 35–36 (1966).

[180] 112 Cong. Rec. 13998 (1966) (remarks of Rep. Horton), *Hearings on Allied Health Personnel Training Act of 1966 Before the House Committee on Interstate and Foreign Commerce*, 89th Cong., 2d Sess. 36 (1966) (remarks of Rep. Rogers), *Hearings on Health Professions Personnel Before the Subcommittee on Employment and Manpower, Senate Committee on Labor and Public Welfare*, 89th Cong., 2d Sess. 151–152 (remarks of Sen. Yarborough).

[181] Pub. L. 89–751, 80 Stat. 1222.

[182] H.R. 6418, 90th Cong., 1st Sess. (1967).

> In general, this method of determining eligibility of institutions and programs for Federal assistance has worked extremely well; however, it must be recognized that *as a practical matter* the requirement that an institution or program be accredited by a private nongovernmental group to qualify for assistance permits that private nongovernmental group to be in a position to determine, in accordance with its own standards and procedures, eligibility of other groups or institutions to receive Federal aid, and thereby *to a degree constitutes* a delegation of legislative power to a private organization.[184]

In view of the absence of agreement by the interested parties it was decided to let matters stand pending consideration the following year. HEW concurred.[185] Thus the dispute was renewed in the consideration of the Health Manpower Act.

The administration favored a measure deleting the Commissioner's authority and allowing him to rely on state accreditation.[186] Such reliance was opposed by the American Nurses Association[187] and the National League for Nursing.[188] It was rejected by the Senate Committee which approved, as an alternative reliance on the accreditation of the institution with which the program was affiliated.[189] Many the same arguments were raised in the House Committee[190] which again reviewed the history of the dispute noting:

> As this committee pointed out in its report accompanying H.R. 6418 last year (H. Rept. 538, 89th Cong.) [sic], the provisions of existing law per-

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[183] *Hearings on the Partnership for Health Amendments of 1967, Before the House Committee on Interstate and Foreign Commerce*, 90th Cong., 1st Sess. 35 (1967).

[184] H.R. Rep. No. 538, 90th Cong., 1st Sess. 34 (1967) (emphasis added).

[185] *Hearings on the Partnership for Health Amendments of 1967 Before the Subcommittee on Health, Senate Committee on Labor and Public Welfare*, 90th Cong., 1st Sess. 74 (1967) (remarks of Under-Secretary Cohen).

[186] *Hearings on Health Manpower Act Before the Subcommittee on Health, Senate Committee on Labor and Public Welfare*, 90th Cong., 2d Sess. 51 (1968) (testimony of Assistant Secretary for Health and Scientific Affairs, HEW). S. Rep. No. 1307, 90th Cong., 2d Sess. 9 (1968). The Assistant Secretary pointed out that the Commissioner had not exercised his authority to accredit "because of our deep reservations about this kind of Federal involvement in education." *Hearings, supra* at 82–83.

[187] *Hearings supra* note 186 at 116–119.

[188] *Id.* at 124. It pointed to the availability of "reasonable assurance" in lieu of full accreditation but Senator Yarborough noted that, "You did not give reasonable assurance until we said, 'We think the Secretary of HEW [sic] ought to accredit them.' " *Id.* at 125.

[189] S. Rep. No. 1307, *supra* note 186 at 9.

[190] *Hearings on the Health Manpower Act of 1968 Before the Subcommittee on Public Health and Welfare, House Committee on Interstate and Foreign Commerce*, 90th Cong., 2d Sess. (1968).

> mitting a private organization to determine, in accordance with its own standards, eligibility of other institutions to receive Federal funds, constitutes a delegation of legislative power by the Congress to a single private organization. The committee feels that additional organizations should be designated as accredited bodies for purposes of the act, and has amended the bill correspondingly.[191]

Accordingly it accepted suggestions of reliance on either state or institutional accreditation in addition to special program accreditation:

> The Commissioner would be required to publish a list of nationally recognized accrediting bodies, and State agencies, which he determines to be reliable authority as to the quality of training offered. The committee expects that this list will include the National League for Nursing, the Joint Commission on the Accreditation of Hospitals and the appropriate regional educational agencies that are nationally recognized as accreditation authorities.[192]

The Congressional debate reflected, as in a sense did the House Committee report, the conflict between the demand for a greater number of trained personnel[193] against the claim of quality in specialized accreditation.[194] The Act opted for more "liberalized" standards[195] by allowing reliance on state and institutional accreditation.[196]

Health Training Improvements Act of 1970. In a somewhat different context, Senator Javits sponsored a bill in 1969 which would have created an advisory group to study health personnel licensure and certification.[197] His concern was reiterated in the context of considering the Health Training Improvements Act, and he was assured by the Assistant Secretary for Health and Scientific Affairs, HEW, that the Department was in the process of studying the matter.[198] Nevertheless, the Committee reported out the bill with the requirement that the Secretary of HEW report on certification and licensure[199] that eventually found its way into the Act;[200] a portion of the Secretary's report was noted at the outset.[201]

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[191] H.R. Rep. No. 1634, 90th Cong., 2d Sess. 36 (1968).

[192] *Id.*

[193] *Id.* at 36–37. 114 Cong. Rec. 24773 (1968) (remarks of Rep. Jarman); *id.* at 24774 (remarks of Rep. Springer); *id.* at 24775 (remarks of Rep. Dwyer); *id.* at 24775 (remarks of Rep. Montgomery); *id.* at 24778 (remarks of Rep. Rogers); *id.* at 24775–76 (remarks of Rep. May).

[194] 114 Cong. Rec. 24776–77 (1968) (remarks of Rep. Vanik); *id.* at 24782 (remarks of Rep. Van Deerlin)

[195] *Supra* note 193, (Remarks of Rep. Jarman).

[196] Pub. L. 90–490, 82 Stat. 773. The publication requirement was also retained.

[197] S. 2753, 91st Cong., 1st Sess. (1969).

[198] *Hearings on the Health Training Improvements Act of 1970 Before the Subcommittee on Health, Senate Committee on Labor and Public Welfare*, 91st Cong., 2d Sess. 128 (1970). The Assistant Secretary pointed out that, "The challenge in this field is to balance the protection of the patient against unskilled personnel, on the one hand, and assurance of an adequate quantity of health manpower to provide the service the public needs and expects, on the other." *Id.* at 127–128.

Administration of the Authority to Recognize

Revision of Criteria for Recognition—1969

It was pointed out earlier[202] that the Commissioner's criteria announced in 1952 seem to reflect what was the then sound practice of the relatively few voluntary accrediting agencies, as a standard to guide future recognition decisions. In 1968, however, the Office of Education established an Accreditation and Institutional Eligibility Staff (AIES) within the Bureau of Higher Education and an Advisory Committee on Accreditation and Institutional Eligibility.[203] The latter, composed of persons outside the government, was created to assist the Commissioner in recognizing accrediting agencies[204] and on broad policy matters. The AIES, itself composed of four units, was introduced to administer the program, serve as liaison with accrediting agencies, review procedures and the like.[205] It was responsible for the development of the revised criteria adopted by the Commissioner in 1969.[206]

The revision accepted *verbatim* a significant portion of its predecessor. Considerably amplified, however, were the procedural aspects of the required accreditation process. For example, its predecessor required only the use of "qualified examiners" to visit an institution, inspect its courses, resources, facilities, and personnel, and prepare written reports and recommendations for use of the reviewing body to be conducted under impartial and objective conditions. The revision required the use of "experienced and qualified examiners" with a scope of inquiry extending into administrative practices and services. It required adequate consultation during the visit with faculty, administration and students. It required that a copy of the report be furnished the institution's chief executive and that he have an opportunity to comment prior to taking action. It required, further, that the agency evaluate the report in the presence of a member of the team and that it provide an internal avenue of appeal of its decisions.[207]

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[199] S. Rep. No. 91–1002, 91st Cong., 2d Sess. 2, 10 (1970). A portion of the report was discussed in the text accompanying note 3, *supra*.

[200] 116 Cong. Rec. 36886–87 (1970) (report of the House conferees). Pub. L. 91–519, 84 Stat. 1342.

[201] *Supra*, note 3.

[202] *Supra*.

[203] *See* Pugsley, Accreditation Policy Unit-USOE: Origins, Activities, and Current Perspectives, address of the Chief, Accreditation Policy Unit, AIES, USOE, before the 33rd Annual Convention of American Medical Technologists (July 21, 1971) and Proffitt, The U.S. Office of Education, Accreditation and the Public Interest, sponsored by the USOE and the Nat'l Comm. on Accrediting (November 6, 1970). See Also Dickey & Miller, *Federal Involvement in Nongovernmental Accreditation*, 53 Educ. Rec. 138 (1972).

[204] Pugsley reports that the Committee has met 8 times since its establishment and has reviewed 41 petitions concerning recognition. Pugsley, *supra* note 203 at 8.

[205] *Proffitt, supra* note 203.

[206] 34 *Fed. Reg.* 643–644 (1969).

Two novel provisions, however, were not entirely of a procedural character. First, the revision required that the organization "encourage and give staff guidance for institutional or program self-study prior to accreditation."[208] Second, that the organization had "demonstrated its capability and willingness to enforce ethical practices among institutions and educational programs accredited by it."[209]

The Director of the Accreditation and Institutional Eligibility Staff has spoken of the new criteria as including "a concern that a recognized accrediting agency shall manifest an awareness of its responsibility to the public interest, as opposed to parochial education or professional interest. . . ."[210]

Criticism of the Accreditation System and the Proposed Revisions in Criteria

As the Introduction observed, increasing scrutiny (and criticism) has been directed to private accreditation. The most common criticisms seem to fall in two groups: those which fault the accrediting agencies for what they could do but have failed to do and those which find a more basic flaw which the existing structure may seemingly be incapable of correcting. The former claim such defects as the failure to evaluate scientifically the soundness of their standards,[211] failure to disseminate information useful to the "consumer,"[212] failure to update standards and policies,[213] and, failure to be open about internal proceedings.[214] The latter would assert that accrediting agencies function like trade monopolies exercising coercive power in their own, not the public interest.[215] The result is an homogenization of education, a perseverance in the status quo. Specialized accreditation comes in for particular criticism because the possibility of a conflict of interest arises when the professional group controlling accreditation may have an economic interest in lowering the production of trained personnel.[216] By far the most frequently raised question in both institutional and specialized accreditation is the lack of "accountability."[217]

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[207] *Compare* 17 Fed. Reg. 8929 (1959) (error corrected 17 Fed. Reg. 899[illegible] (1952)) *with* 34 Fed. Reg. 643 (1969). The verbatim inclusions were, *inter alia*, that the agency or association be national or regional in scope, serve a definite need, perform no inconsistent function, make available certain information (with some modification), have an adequate organization and effective procedures (amplified in greater detail than in the earlier statement), and have gained general acceptance by institution, practitioners, etc.

[208] 34 Fed. Reg. 643, no. 5 (1969).

[209] *Id.* at no. 12.

[210] Proffitt, *supra* note 203.

[211] C. WARD, *supra* note 2.

[212] Koerner, *Who Benefits From Accreditation: Special Interests or the Public?* Address in Seminar: *Accreditation and the Public Interest*, sponsored by the USOE and the Nat'l Comm on Accrediting (Nov. 6, 1970).

[213] Pugsley, *supra* note 203.

[214] *Id.*, Koerner, *supra* note 212; Newman, *supra* note 5, HEW REPORT, *supra* note 4.

[215] *See* Note 3, *supra*, Koerner, *supra* note 212.

In response, seemingly, to some of these criticisms the Office of Education has commenced circulating for discussion within the accrediting community, a proposal for a second revision in recognition criteria. Tentatively, this includes provisions requiring a greater responsiveness to the public interest as in requiring "public representatives" on the governing boards of recognized accrediting agencies[218] and greater public availability of information concerning its processes. The requirement that such agencies require accredited institutions to observe "ethical practices" would also be strengthened. In addition the encouragement of institutional experimentation and innovation would be required.[219]

Authority to Recognize as Authority to Regulate

The Expansive View

It appears that with the creation of the Accreditation and Institutional Eligibility Staff, the Office of Education has begun to read its authority under the various statutes far more expansively than heretofore. Its authority so to do has nowhere been challenged; thus the legal underpinnings for the Office's action are not entirely clear. However, the outline of a legal justification for the move is not difficult to propose. The argument would first point out that under each of the statutes the Office of Education is given authority to determine the reliability of accrediting agencies in the exercise of its discretion as an expert administrative agency. In addition, a substantial amount of public funds is involved under these various programs, estimated at five billion dollars in fiscal year 1972.[220] Thus accrediting agencies should be viewed as delegates of governmental authority. As Secretary Richardson has put it:

> Legislation passed during the past 20 years has consistently deferred to accreditation as the primary base critereon for Federal funding. Furthermore, there has been a continuing acceptance of accreditation as a standard

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[216] C. WARD, *supra* note 2, Selden, *Dilemmas of Accreditation of Health Educational Programs*, in STAFF WORKING PAPERS PART II: STUDY OF ACCREDITATION IN SELECTED HEALTH EDUCATIONAL PROGRAMS G-1 (1972).

[217] *Id. See also* the second draft of the Newman Report and the editorial, *Accrediting Accreditors*, The Evening Star, Washington, D.C., Sept. 5, 1972.

[218] *Supra* note 6. This was one of the explicit recommendations of the first Newman Report, *supra* note 4. The [illegible]ation has been suggested elsewhere in Selden, *Professional Associations—Their Primary Functions*, 45 N.Y.S. BAR. J. 26, 28 (1973).

[219] *Id.*

[220] A figure quoted in F. DICKY & J. MILLER, A CURRENT PERSPECTIVE ON ACCREDITATION (1972).

> for evaluation by both Congress and the general public without a full understanding of its concepts or an adequate appraisal of its compatibility with legislative intent.
>
> With the allocation of significant amounts of public funds to students and to institutions through the eligibility for funding status provided by accrediting associations, accreditation carries with it the burdensome responsibility of public trust. Accrediting associations are functioning today in a quasi-governmental role, and their activities relate closely to the public interest.[231]

Indeed, the argument would point out that many students of accreditation have accepted the proposition that accreditation functions in the public interest[232] and, it could be asserted, that a key committee of the House in fashioning some of this legislation viewed accreditation in just that light.[233]

Moreover, the creation of AIES and the revision of recognition criteria antedates the continuation of congressional reliance on the recognition system as found most recently in the Higher Education Amendments of 1972 and thus congressional approval of the more expansive view is fairly to be implied.

Finally, the argument would conclude by noting that education has assumed an increasingly more important role in American society and that the accreditation system must be made responsive to these altered circumstances. As the Director of AIES has observed:

> . . . accrediting bodies are performing an increasingly important societal role—a role in service of the broader society rather than one solely in service of the narrower educational community. And if the Federal government is going to be justified in continuing strong reliance upon private accreditation, the accrediting associations will need to more explicitly recognize their obligation to protect the public interest. We, in the Office of Education, believe that this situation offers many challenges and fruitful opportunities—along with a few pitfalls—for the Nation's accrediting bodies, and we look forward to working cooperatively and constructively on these matters in the future.[234]

Thus as accreditation becomes a determinant for eligibility for federal funds the voluntarism of traditional accreditation simply evaporates as a practical matter and it becomes the responsibility of the federal government to assure adherence to standards reflecting the public interest. Congress, it would be concluded, did not intend to deprive the executive branch of authority to assure adequate accommodation with the public interest as a condition of extending voluntary recognition to a private accrediting agency and the determination of "reliability" is a sufficiently broad standard for the expert administrative agency to adopt recognition criteria requiring such an accommodation.

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[231] HEW REPORT, *supra* note 3 at 14.

[232] C. WARD, *supra* note 2.

[233] *Supra* notes 184, 191, 192.

[234] Proffitt, *supra* note 208.

Appealing as this line of reasoning may be to those who regard tighter federal standards favorably, it does suffer from a basic, indeed fatal, infirmity—it finds no support in the statutes from which the Commissioner derives his authority.

The Limited View

A Textual Analysis. Under all the statutes bearing a publication authorization, the federal role is limited to determining that a nationally recognized agency is a reliable authority as to the quality of education or training offered. This, it was noted earlier, assumes the existence of such nationally recognized bodies, that are recognized initially not by the Commissioner but by the related academic or educational community. Thus the criteria established by the Commissioner require acceptance of these bodies. Most important, the Commissioner's determination is limited to the agency's reliability concerning the *quality* of the program undergoing accreditation. While it is arguable that palpably every facet of institutional life conceivably touched on by the accreditation process may have some ultimate bearing on the quality of the program, it is clear that the recognition authority of the Commissioner is limited to accreditation standards directly connected with program quality.

This distinction is perhaps illustrated in the listing of nine functions of accreditation, noted in the Introduction,[illegible] only one of which directly relates to the current program quality—certification that pre-established standards have been met. It may be helpful to an institution to engage in a self-study and indeed such an engagement seems to be comprehended in two of the functions listed by the Commissioner—creating goals for self-improvement and involving faculty and staff in institutional evaluation and planning. However, helpful these instutional practices are, it is clear from the Commissioner's list that neither directly concerns the first function of accreditation—certification that pre-existing standards have been attained.

Legislative Intent

It is curious that Secretary Richardson should point out that there has not been an adequate appraisal of the compatibility of the accreditation system with legislative intent in creating the recognition-reliance system, while the Office of Education has perforce proceeded on the assumption that its authority is fully consistent with that intent. Further, each of the

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[illegible] Text accompanying note 21, *supra*.

relevant statutes has concerned large issues of public policy and save for the dispute on specialized or generalized accreditation in health training, little congressional attention has been devoted to the accreditation issue. Nevertheless, the legislative histories are, however slender, relatively clear.

The Korean GI bill established a facility upon which state and federal authorities could rely. The Federal role was viewed as ministerial, simply relying on the consensus in the academic community of the reliability of the agency. In addition, the need for protection from fly-by-night institutions has continued to be a factor, if perhaps no longer the predominant one, that justifies use of the accreditation-reliance system and necessarily colors the government's role with respect to those agencies.[226] Later enactments, however, saw in accreditation more of an affirmative testimonial to institutional quality than a protection from entrepreneurial abuse. Thus the achievement of accreditation was itself made a desireable institutional goal for federal purposes.[227]

Moreover, the enactment of alternatives to accreditation—through the credit transferability route, through giving reasonable assurance for as yet unaccredited institutions or through obtaining state or federal accreditation for institutions lacking a nationally recognized accrediting agency—cannot reasonably support a notion of an implied power to regulate in the public interest such as might be made were no alternatives provided. Congress was clearly aware, however, the impact that the existence of these alternatives would have on the accrediting agencies.[228]

Further, the Congressional response to the specialized-generalized accreditation dispute lends further support to the position arguing a limited federal role. It must be pointed out that the House report on the abortive Partnership for Health Amendments of 1967 did not conclude (as the Committee's report the following year seems to imply), that reliance on accreditation "constitutes a delegation of legislative power" [229] but rather that "as a practical matter" it had that effect "to a degree." [230] Moreover, the committee's reaction was not to provide greater federal authority over the policies of such bodies but simply to add additional accrediting agencies to remedy an apparent imbalance. As we observed earlier, without the testimony of any regional accrediting association in the hearings, the Health Manpower Act seemingly recognized those agencies as *per se* reliable. This raises the interesing question of whether the Commissioner has any authority to deny recognition, through a revision in criteria, to a non-complying regional association, at least for the purposes of that Act. On this point it should be noted that the Commissioner has not published separate lists for each of the acts authorizing publication and the single list published simply refers to the Korean GI bill and later enactments.

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[226] This includes the 1972 amendments, *e.g.* remarks of Rep. Green concerning the need for accreditation of proprietary institutions "to avoid the situation that appeared after World War II in the GI bill." *Hearings Before the House Subcommittee*, *supra* note 156, at 684.

[227] *Supra* notes 131, 132.

[228] *Supra* note 196.

[229] *Supra* note 191.

[230] *Supra* note 184.

In sum, the legislative histories do not support the notion of accrediting agencies as delegates of Federal authority.[231] The history more reasonably suggests the continuing reliance on the existing accrediting systems as a facility much like the use of a rating system of a trade association as part of the specifications in a government contract.

Conclusions

Scope of the Commissioner's Authority

This study has suggested that the role of the Office of Education in recognizing accrediting agencies is limited by the terms and intent of the legislation to a determination based largely on acceptance in the academic community of the organization's reliability in matters of educational quality. It has also suggested that the Commissioner has misconstrued that function as a more general one of policing the internal policies of these agencies as a condition of federal recognition to bring them in compliance with the Commissioner's notions of what is in the public interest. Somewhat earlier it was noted that at least a portion of the 1969 revised criteria is not directed to whether the agency is reliable in ascertaining adherence to predetermined standards. This trend is accelerated in the proposed revision now being circulated, particularly with respect to the requirement of public memberships on accreditation governing boards and the encouragement of innovation.

The Need for Congressional Consideration

While the Office of Education now seeks to make accrediting agencies responsive to the public interest "as opposed to parochial educational or professional interest" [232] the legislative histories make it abundantly clear that the system of federal reliance was based on those agencies functioning precisely in the "service of the narrower educational community." [233] Thus any alteration in the system so established requires congressional action.

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[231] The re-enactment argument is simply weightless inasmuch as the record is clear that the relevant committees never considered the accreditation-reliance system at the time of the 1972 amendments. *Supra* note 156. Interestingly, it appears that the General Counsel's Office of HEW prepared and made available a memorandum of June 10, 1970 concerning the delegation issue in the recognition-reliance system. In it the Office relies on the independent role of private accrediting agencies as minimizing any constitutional problem.

> . . . private agencies undertake to accredit schools for many reasons other than Federal aid eligibility. Accreditation is generally considered to be the single most reliable indicator of institutional quality in higher education, and private accrediting agencies play a broad role—apart from the role placed upon them by the statutory provisions noted above—in maintaining and improving educational standards. *The Federal-aid statutes merely take cognizance of this well-established system.*
>
> (Emphasis added.)

This study concludes that the emphasized language of the General Counsel's memorandum is accurate.

Moreover, the conflict between claims of professional expertise and public accountability in eligibility for federal funds is squarely a matter for legislative treatment. It was this kind of issue in health training that resulted in the demonopolization of specialized accreditation. Whether or not one agrees with the balance struck it is clearly the role of Congress to strike it. Thus from an institutional perspective, whatever one's conclusions of the desirability of the current recognition-reliance system, one is justified in registering *dubitante* when an administrative agency seeks, without legislative authorization, to protect an ill-defined "public interest." It would, however, be premature to suggest the content of such further legislation. That must await the detailed findings of the Brookings study as illuminated by discussion of them, and, hopefully, by Congressional hearings.

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[232] Proffitt, quote accompanying note 210.

[233] Proffitt, quote accompanying note 224.

Senator PELL. Today, we will hear from the Department of Health, Education, and Welfare, which will explain to us its accrediting functions, and then from Dr. Harold Orlans, who is the coauthor of a massive study on accreditation sponsored by the Brookings Institute.

I would add here that I appreciate your coming up early because I will have to leave at 11 o'clock, and Senator Hathaway has been kind enough to say he will preside to wind up the session. He can be here until a quarter of 12.

My hope is we might wind the session up by 11, but we will see how it goes.

I would urge the witnesses, since their testimony will be inserted in the record in full, to be as brief as possible in their oral testimony.

Will you proceed, sir?

STATEMENT OF S. W. HERRELL, ACTING DEPUTY COMMISSIONER FOR POSTSECONDARY EDUCATION, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE, ACCOMPANIED BY JOHN PROFFITT, DIRECTOR, ACCREDITATION AND INSTITUTION ELIGIBILITY STAFF; CHARLES M. COOKE, JR., DEPUTY ASSISTANT SECRETARY FOR LEGISLATION (EDUCATION); JAMES W. MOORE, ACTING ASSOCIATE COMMISSIONER, GUARANTEED STUDENT LOAN PROGRAM

Mr. HERRELL. Mr. Chairman, I have a rather detailed statement by the Administration which, with your permission, I would like to submit for the record.

Senator PELL. The entire statement will be entered in the record at the conclusion of your testimony.

Mr. HERRELL. I would like to present a briefer version of the statement and then to respond to your questions with my colleagues.

Mr. Chairman, the statement is divided into three major sections.

First an overview of institutional eligibility determination; second an overview of the accreditation as it relates to institutional eligibility; and, finally, weaknesses and problem areas in the present system.

Five informational attachments are included with this statement.

Overview of institutional eligibility determination.

The passage of the Higher Education Act and related statutes in 1965 launched the need for the Office of Education to determine, compile, and prepare lists of institutions eligible to participate in various Federal education programs established under the Act.

Culmination of the efforts may be seen in the list of over 8,300 institutions cited as eligible to participate in the largest and most broadly based Office of Education program of aid to students, the guaranteed student loan program, also called the Federal insurance student loan program. This program activity currently is providing Federal, State, or nonprofit guarantees to lenders in behalf of nearly 7 million separate student loans for nearly $7 billion.

To assist with identifying and creating this list of more than 8,300 eligible institutions, the accreditation and institutional eligibility staff was formed in May of 1968 to produce eligibility determinations for some 20 USOE programs. That staff also provides assistance to other agencies within the Department of Health, Education, and Welfare, such as the Health Resources Administration in relation to health training programs, plus affording eligibility determinations to the Department of Justice, Federal Aviation Agency, Veterans Administration, Department of Housing and Urban Development, and other Federal and State agencies.

The institutions listed as eligible include the whole range of collegiate and noncollegiate institutions included in the postsecondary education community.

Before any school or institution may become eligible to participate in education programs administered by the Office of Education, it must meet certain minimum statutory requirements, such as those indicated on the attached chart. These statutory eligibility elements fall into three categories.

The first of these categories relates to factual information, such as type of school, length of programs, and legal authorization.

The second category involves special requirements established by program administrators under broader provisions of law, through regulation specifying provisions which participating schools must meet—such as "maintenance of efforts requirements" for library aid programs.

The third category deals with the qualitative aspects of schools—or educational programs—in other words, accreditation, or one of the alternatives to accredited status.

It is in administering the Office of Education's responsibilities in relation to the qualitative factor of eligibility—that is, that dealing with accreditation or its alternatives—that the greatest and most complex problems arise. Before mentioning some of these specific problems, however, we might first discuss accreditation and the Commissioner of Education's recognition of accrediting agencies.

Accreditation is a major factor in establishing the eligibility status of educational institutions and programs to participate in the various Federal funding programs of assistance to education.

It also is a unique area in the eligibility determination process, because it is a process which takes place outside the jurisdiction of the Federal Government, and it varies considerably in form and purpose, depending upon the organization conducting the process.

The practice of accreditation arose around the turn of the century in response to the need to upgrade educational quality and to establish definitions and standards for general collegiate and professional education.

It sought to execute a need that is fulfilled in many other countries of the world by ministries of education or other centralized authorities, which exercise quality control functions over education.

The philosophy of institutional autonomy in education, and the varying degree of control over institutions of higher education exercised by the States, also contributed to the need for this form of quality identification in education which is unique to the United States.

Private educational associations of regional and national scope have developed standards and procedures used in conducting peer evaluation aimed at determining whether or not educational institutions or programs are operating at basic levels of quality. The procedures of these accrediting commissions and associations usually involve five basic steps. (1) Establishment of educational standards in collaboration with educational institutions and other appropriate constituencies; (2) Conduct of institutional or program self-study by applicants for accreditation under the guidance of the accrediting body; (3) On-site evaluation by a team of peers, selected by the accrediting body, in order to determine first-hand if the institution's objectives and the accrediting body's standards are being met; (4) Publication of the accredited status of those institutions or programs which are determined by the accrediting body to have met its standards; and (5) Periodic reevaluation of accredited institutions or programs to determine whether or not they continue to meet the established standards.

The nongovernmental accrediting agencies fall into two major categories—institutional and specialized.

Institutional accreditation is conducted by agencies, such as the commissions of the six regional accrediting associations.

For example, the Southern Association of Colleges and Schools maintain four accrediting commissions—one for elementary schools, one for secondary schools, one for vocational schools, and one for degree-granting collegiate institutions.

Specialized accreditation is conferred by a number of organizations which are national in scope, rather than regional, and each of which represent a specialized area, such as architecture, business, law, medicine, or teacher education.

A primary purpose of specialized accreditation is to protect the public against professional or occupational incompetence.

Although the Office of Education has dealt with accrediting agencies throughout much of its history, it was not until the enactment of the Veterans' Readjustment Assistance Act of 1952—Public Law 82-550—that the U.S. Commissioner of Education was required, for the first time, to publish a list of nationally recognized accrediting agencies and associations which he determined to be reliable authority as to the quality of training offered by an educational institution.

By 1972, the Commissioner's list of recognized accrediting agencies had grown from 28 agencies to 47, and by May of this year, 61 agencies were listed. Some 10 additional accrediting agencies are in varying stages of petitioning the Commissioner for recognition and listing.

Senator PELL. Excuse me. How many accrediting agencies did you say there are now?

Mr. HERRELL. There are 61 presently and 10 that are in varying stages of petitioning for recognition.

Senator PELL. All on the same level of recognition by HEW?

Mr. HERRELL. All on the same level of recognition by HEW, yes.

On August 20, 1974, revised criteria for "Nationally Recognized Accrediting Agencies and Associations," and criteria for "Recognition of State Approval Agencies for Public Postsecondary Vocational Education," were published in the Federal Register.

We believe that the new criteria significantly enhanced our ability to encourage improvement in the accreditation process, particularly in the areas of responsiveness to the public interest and protection of the student.

But we also realize that we are in a period of evolving policy development. Accordingly, we will be monitoring the effectiveness of the new criteria closely, and we will publish revisions which address immediately apparent shortcomings in the criteria no later than June 30, 1975. Of course, our longer-range policy review will continue well after that date.

It is noteworthy that these revised criteria place increased emphasis upon accrediting agencies' responsibility to the public interest and their reliability of operations.

Whereas the various versions of the criteria for "Nationally Recognized Accrediting Agencies and Associations" have been the Office of Education's instrument for directly supporting constructive change in the area of accreditation as it relates to the eligibility process, the Office of Education has funded or supported a number of projects over the past 6 years designed to improve indirectly the effectiveness of the eligibility determination process.

These are listed in my complete statement for the record.

Those accrediting agencies requesting recognition by the Commissioner of Education undergo intensive review by the Office of Education Accreditation and Institutional Eligibility Staff and by the Commissioner's Advisory Committee on Accreditation and Institutional Eligibility, in order to determine whether or not they comply with the criteria for nationally recognized accrediting agencies and associations.

The Advisory Committee performs a key role in the process of recognizing accrediting agencies and associations for the purpose of determining institutional or program eligibility for Federal funding programs. The committee was established by the Secretary of Health, Education, and Welfare in 1968, and was subsequently chartered under the Federal Advisory Committee Act, Public Law 92-463. It is composed of 15 members from various segments of the secondary and postsecondary education community, student/youth population, State departments of education, professional associations, and the general public.

The committee is advisory to the Secretary of Health, Education, and Welfare, and the Commissioner of Education.

Specific functions of the committee are enumerated in my prepared statement.

I turn now to several key observations about the dynamics of the present system, gleaned from the Office of Education's years of experience in monitoring the eligibility mechanism I have described above. These observations are offered in the spirit of enlisting your continued support for the improvement of the system.

Accreditation has been written into Federal legislation as a quality control device in order to help insure the Government's investment in postsecondary education and, even more importantly, as a means of aiding students and others in identifying institutions and programs deemed to be educationally worthy.

We must constantly bear in mind, however, that the accrediting agencies are private, independent, voluntary agencies having discrete, albeit laudable, purposes which do not always coincide neatly with the objectives inherent in Federal aid to education.

Accrediting agencies are committed philosophically to stimulation of institutional or programmatic uplift through a traditional pattern of expert peer review. They do not view themselves, nor do they function, as regulatory bodies. They have no legal authority to require compliance; they work instead by persuasion to maintain understanding and acceptance of their role and function by their constituents and the general public.

All accrediting agencies are limited in funds and staffing, and rely heavily on volunteer labor from member organizations. All are now deeply aware of, and some have already experienced, a marked vulnerability to litigation, which they are ill-prepared to engage in successfully.

One aspect of the Office of Education's relationship with accrediting agencies involves the processing of complaints against accredited schools and schools which are eligible for participation in federally funded programs of assistance to postsecondary education.

Complaints about schools—whether accredited or nonaccredited—are directed to the Accreditation and Institutional Eligibility Staff from many sources.

These include parents, consumer organizations, students, USOE regional offices, other divisions within OE, other Federal and State agencies, the Congress, and the White House.

These complaints include such matters as misrepresentation by salesmen, inadequate or late refunds of tuition, poor quality of instruction or equipment, and enrollment of persons incapable of benefiting from the instruction.

Although the Office of Education is not empowered to exercise direct control over educational institutions, it does seek to determine, in the case of accredited schools, whether or not a possible violation of the accrediting agency's standards has occurred in such complaint cases.

The staff reviews each complaint and, if an accredited school is involved, directs a copy of the complaint to the appropriate accrediting agency with a request that the agency review the matter and report its findings to the staff.

The staff, in turn, reviews the report of the accrediting agency and informs the complainant of the agency's findings.

Although the staff usually directs complaints against accredited schools to the appropriate agency for investigation, the staff may, at times, correspond directly with schools regarding alleged educational malpractice.

Such was the case in connection with a series of articles dealing with proprietary vocational schools which recently appeared in the Boston Globe.

Senator PELL. I am glad you brought them up. I shall insert them in the record at this point.

BEST COPY AVAILABLE

[The articles referred to follow:]

[From the Boston Evening Globe, Mar. 25, 1974]

Many Career Schools Turn Education Into a Fast-Buck Industry

Vocational education has evolved into a $2.5 billion annual business in the United States largely through the use of high-pressure salesmen, questionable advertising and the failure of government regulation at all levels, a four-month investigation by the Globe Spotlight Team has found.

And the principal victims appear to be young veterans—up in the air about their future but with lots of GI benefit money to spend—and underprivileged youths, frequently from minority neighborhoods in big cities.

Private vocational schools are an important part of this country's postsecondary education needs. And many have excellent programs, successfully mixing profit and education without cutting corners to stay out of the red.

However, the career-training field has been cornered by a profitmaking school industry which is dominated by a fast-buck mentality that sees students as dollar signs.

This highly profitable, publicly subsidized market has exploded in the past five years; spawning a plethora of unscrupulous correspondence and resident "career" schools that take the money and ignore the student.

While stacks of studies cite the urgent need for training highly skilled young workers for the nation's technical industries, many private vocational schools are simply bilking students instead of preparing them for such jobs.

And although the Federal government spends billions to underwrite short, career-oriented courses for youths not going to college, it has been a demonstrable failure in regulating the quality of the education being offered.

The Globe investigation has found the industry to be marked by overzealous management which pushes commissioned salesmen to enroll generally unqualified students in courses of dubious value. Many students do not finish and many others wind up in debt with no marketable skill.

Some schools concentrate sales drives in poor inner-city sections where success is peddled on an instalment plan.

Members of the Spotlight Team posing as prospective students and interviewing hundreds of students, salesmen and executives, found the private correspondence and resident trade schools surveyed to be selling expensive, virtually worthless courses.

These schools purport to teach everything from computer programming to upholstery, from truck driving to law, from home building to jet-engine repair. They cost anywhere from a few hundred to several thousand dollars.

One expert a fiscal consultant to several proprietary schools, estimates that more than half the 10,000 profit-making schools in the country are "predatory," and a high Federal official concedes there is unchecked "widespread victimization" of students.

The need for technical training is attracting many large corporations who are selling education like toothpaste through slick advertising campaigns.

Commissioned salesmen, competing for prizes and cash bonuses, are frequently using Federal funding programs, designed to aid veterans and the needy, as selling tools to sign up anyone willing to pay for schools with phony placement service and astronomical dropout rates.

In Massachusetts, one private vocational institute uses a standard sales slogan that refers to the students as "asses in the classes," and other proprietary schools in the state use phrases like "hit the dummy market."

Today's instalment in the Globe Spotlight Team's series on private vocational education deals with ITT Tech, the largest technical training school in Massachusetts, which is owned by the International Telephone and Telegraph Corp. See Page 32.

[From the Boston Evening Globe, Mar. 25, 1974]

ITT Tech Watches Profit, Puts Quality Training in Back Row

A Boston institute, owned by the giant International Telephone and Telegraph Corp. (ITT), has become the largest private trade school in Massachusetts while using misleading advertising and a highly deceptive sales force and flouting state education and consumer laws.

Although it heralds its courses as the doorway to financial success, the school, ITT Technical Institute, has a demonstrably dismal record of training students for careers in their field of study.

Located on Commonwealth Avenue, Brighton, ITT Tech has been offering about a dozen technical, automotive and health assistant courses for six years to the growing number of young people seeking a career alternative to four years in college.

The acid test of such vocational training is how many students finish the school's courses and how many are placed in related jobs.

However, statistics provided The Globe and the state Education Department show that about seven out of ten students who enroll at the school drop out and only half of those who graduate are placed in jobs. By contrast, comparable public nonprofit institutions show a 90–95 percent success rate in graduation and job placement.

ITT Tech, like the multibillion dollar corporation behind it, is understandably in business to make money. However, it appears its pursuit of profits is often to the detriment of quality education.

The high $2000 cost for the one-year courses has translated educational services into a $15 million enterprise for the company.

But there is little semblance of academe at ITT Tech. Few of its 30 teachers hold bachelor degrees, its library is meager, classrooms dirty and in some cases ill equipped. Moreover, the highest paid employees at the school are not the instructors who teach the 1000 students, but the salesmen who convince them to enroll.

With the school's operation geared to making a profit, quality instruction has been consigned to the back row. With an accountant's cold, clinical eye, courses pay off or are cut loose.

The head of the company's education division is in fact an accountant and not an educator. Richard A. McClintock recently described his past corporate duties succinctly: "I count beans." Now he counts students—and ITT Tech is out to enroll as many as possible.

"As far as I can see, they'll sign up anyone," one instructor told The Globe. "As long as you have the deposit, they'll take you no matter what your qualifications or capacities are."

Persons interested in an ITT Tech course are referred to as "sales leads" until they sign up.

Faculty resentment over the signing of unqualified students at the school reached a peak last year when one instructor threatened to quit unless he was allowed to interview every prospective student signed for his class before the semester began.

Student resentment is also evident. A list of grievances was presented by some students to administrators last summer complaining of dirty halls and classrooms, broken equipment in labs, filth in the cafeteria, and defective air conditioning and ventilation at the school, which promotes itself as a million-dollar facility with modern equipment and conveniences.

No action was taken on the grievances, according to the students, and the school official they presented them to, Dr. Julius Batalis, now principal of Athol High School, refused to talk to The Globe.

Students said they had not demonstrated publicly against the physical and educational conditions at the school because the ITT Corporation could retaliate by revoking the low-interest federally-insured loans it obtains for the students to pay tuitions. School officials say such fears are groundless.

A four-month investigation by the Globe Spotlight Team into the quality of education offered by the 100 licensed profit-making training schools in Massachusetts, included research into the operation of ITT Tech. It found:

ITT Tech has one of the highest student default rates for federally-insured loans of any school in Massachusetts.

ITT Tech conducted a concerted drive to enroll students from numerous ghetto neighborhoods in Boston last November using phony telegrams that the Better Business Bureau had previously warned the school were "unfair," "deceptive" and against state and Federal laws.

The school's massive promotional campaign includes television and newspaper ads which have been used before being submitted as required by law to the state Education Department. When some of the ITT ads were brought to the state's attention by The Globe, they were found to be questionable.

Many of ITT's instructors have taught at the school for months without having their qualifications checked, as required by law, by the Education Department. This delay stemmed from laxness by the state and stalling by ITT Tech's director.

ITT salesmen, in standardized presentations to prospective students, routinely and improperly misrepresented vital features of the school's courses and completion and job-placement success.

Unlicensed by the state due to a loophole in the law, the salesmen are paid entirely by commission. For every student they enroll, the salesmen receive a $100 commission which is paid for by the student who is told the money is instead a "registration fee" like those paid at colleges.

School officials say that deception by ITT salesmen is "not a problem." However, the files of the state attorney general, the Education Department and the Better Business Bureau all contain complaints about deceptions by various ITT salesmen.

Three members of the Spotlight Team posed as prospective students and found that misrepresentation by ITT salesmen was the rule rather than the exception. Here are some examples.

Salesman Dexter Bishop told one caller seeking information about the mechanical drafting course that 80 percent of the course's graduates are placed in related jobs and that "just about everyone who starts the course finishes it."

In fact, only about three out of ten who enroll in the course have graduated, and only seven out of its 27 recent graduates, or 27 percent, have found jobs.

Salesman George Zack promoted an electronic engineering class as having a dropout rate of between five to ten percent. In fact, the only figures the school has on the course indicate a dropout rate of more than 80 percent.

Salesman Edward Calamese started his pitch on the medical assistance course by stating that "all of the graduates" are placed in jobs. School figures provided The Globe indicate that only 50 percent of the course's graduates find jobs in the field.

Salesman Robert Sousa assuaged the prospective student's fears of dropping out of a dental assistant class by saying that "only one or two girls a class leave." In fact, 85 girls have dropped out of the school's five dental classes in the last two years, an average of 17 girls per class.

False statements by school salesmen are considered a serious enough problem for the state's Consumer Protection Act to prohibit specifically the misrepresentation of a course "in any . . . material respect," including the course's influence in obtaining employment for its students. Neither ITT nor any of its salesmen have ever been prosecuted under the law.

False statements are also considered serious by the ITT Tech official who oversees the Boston salesmen. The official, Francis C. Curran, told a prospective student he is constantly on guard for misrepresentation by his salesmen.

"If any of our men did not represent a course precisely, he wouldn't be with ITT," he said. In his next breath, Curran exaggerated the school's success in placing automotive graduates by almost 30 percent.

A fast-talking former salesman, Curran is now second in command at the school, holding the curiously interchangeable titles of director of marketing and director of admissions. He even narrates some of its television ads.

Curren admits to spurring on his sales force to recruit more students with such phrases as "Get the asses in the classes."

GLOBE. What does that mean?

CURRAN. It means 'students in the classes.' . . . Our philosophy here is to get students into the classes.

But there are never enough students for ITT Tech. They recently advertised for three new salesmen. A Spotlight Team reporter answered the ad and in an interview for the job by ITT sales supervisor Donald MacCalmon was given a rare view of what is expected of their salesmen. MacCalmon contradicted official statements later made by the school that salesmen are constantly briefed and provided the latest information on ITT courses.

"You don't need to know much about the course—just how much it costs and when classes begin," MacCalmon said. "You have a canned speech you use with every lead; it's orderly, it's consistent and what's best, it works."

In an interview with The Globe, school director Charles Feistkorn, who resigned shortly before publication, defended his operation of the six-year-old school: "We have a good school here and good courses. When you have an excellent product like this you don't need to misrepresent." And he boasted of an overall completion rate of 52 percent.

However, of the 3500 total students enrolled during the last three years at ITT, figures show that only about one out of three have completed the course.

Its overall completion rate would be even lower were it not for its 50 percent success in training automotive repairmen at its garage in Chelsea.

Most startling is the fact that fewer than 15 percent of the 1400 students who have enrolled in its eight technical courses since 1970 have graduated, according to data in the school's latest report to the Education Department. The remainder either dropped out or failed to attend class.

Feistkorn also has defended the school's placement procedure. In 1971, he told the state that "each student" is interviewed by the school's Office of Student Affairs and its director, David Brockmeyer, on job opportunities.

This was false, many ITT graduates told The Globe. They had never been interviewed for job placement and said that Brockmeyer, a former semiprofessional football player, spent most of his time coaching the school's sports teams. The school says it has no record of placement statistics for much of Brockmeyer's tenure.

The present placement director, Victor Kissal, also has a background in sports. Before coming to ITT last March he was publicist for the Eastern Massachusetts Small Colleges Assn. At ITT, he is also responsible for sports, but he claims he has had time during the last year to place about 65 percent of its graduates.

His claim was deflated by a present ITT instructor who told The Globe: "I don't know what type of jobs these kids are being placed in. This school has no rapport with industry. The jobs certainly are not the 'high-paying' ones as advertised."

Far greater success in the training of students and placing of graduates has been experienced by the several public vocational institutes run by local communities or regions. At two of the schools, Quincy Vocational Technical School and the Blue Hills Technical Institute, courses similar in content but lower in cost than ITT's have completion and placement rates of up to 95 percent.

Some contrasts:

An architectural engineering course at Blue Hills Institute last year had 16 students start. Thirteen students, or 82 percent, graduated from the course. ITT's latest architectural engineering class had 77 students enrolled. Only seven graduated, or about 9 percent.

At Quincy Vocational Technical School, the latest electronics technology course had a 90 percent completion rate. The rate for the latest ITT course was 36 percent. Dental assistant courses at the Quincy school in the last three years have had a 92 percent completion rate, while the course at ITT has graduated less than half that percentage.

There are 28 such public schools in the state. All are nonprofit and maintain a limited enrollment. High school graduates seeking admission must show some capacity toward the field of study before acceptance. Such screening of prospective students is lacking at ITT Tech, several former and present instructors said.

"The school looked at the prospective student not to see if he had the capacity to learn anything, but did he have the capacity to pay his tuition or his loan," one former instructor said. "The school's philosophy was 'Sign the kid up. Tell him anything but get him signed up.' "

School Director Feistkorn said that each student is now given a qualification examination before being enrolled. But only a fraction are rejected, since the student must exhibit only an 80 IQ to pass.

Further, Feistkorn said, the decision to admit a student to the school was "not made by the salesman and it shouldn't be." However, he was unable to explain why the school's sales director, Frank Curran, is also its director of admissions.

More than half the communities in the state have no vocational institute for their high school students, and ITT Tech is trying to contract with them to provide the training. "We're out to get the public sector," Neil R. Cronin, recently retired president of ITT's Educational Services division told The Globe.

The recruitment drive, in the guise of public service, would bring hundreds of students into ITT. The school joined an association last year that hired a lobbyist and filed legislation which would have had the state pay for the high school students' tuition at ITT. The bill was killed, but could be revived in the future.

However, the public did pay ITT Tech $62,353 last year to train 76 students sent to the school by the Massachusetts Rehabilitation Commission (MRC). Comr. Russell E. O'Connell of the MRC said his agency makes no official check of the quality of the schools before recommending them to students.

Prospective students are enticed to enroll at ITT by having their tuition paid by a federally-insured loan.

ITT salesmen were found to use the loan forms like personal calling cards. When a Globe reporter sought a loan, an ITT salesman improperly filled out the program's Federal forms.

The reporter gave a family income that made his eligibility for the entire program questionable, but salesman Alan Brown told him, "That's all right," and put down a lower income figure on the official form.

With the loans insured by the U.S. government, ITT enjoys a no-risk proposition. If a student defaults on his loan—that is, refuses to pay it back—the school simply waits 90 days and informs the Federal government. The government then reimburses the school the entire amount of the default. Five percent of all defaults in Massachusetts come from ITT students although more than 200 schools in the state participate in the program.

But cracks have begun to show in the program. The high amount of defaults coming from students from proprietary schools such as ITT has caused Federal education officials to reconsider the program.

The officials said there was a direct correlation between the quality of education provided by particular schools and the number of students who default. "As the education standard decreases, you'll find an increase in defaults," David Bayer, acting director of the program, said.

However, ITT corporate executives disagree. Neil Cronin, in an interview before quitting the firm, blamed ITT's high default rate on the high number of minority students who attend the schools. "And you know, the low groups, the low socio-economic kids come in and they're not inclined to pay. They are used to seeing the generations before them go on welfare."

It is not an accident that a high number of persons from lower economic classes attend ITT.

Last November the school made a blatant effort to recruit students from neighborhoods in Roxbury and the South End.

About 17,000 persons were informed they had been "selected" to take a test at ITT for "our special scholarship program." The entire campaign appears, however, to have been fraught with deception, as the "telegrams" were in fact plain letters sent through the mail.

The recipients of the phony telegrams had not been "selected" by any personal achievement but rather by their zip codes. The "special scholarship program" consisted of but four scholarships to the school. Only one has since been awarded.

Weeks before, in late September, ITT began a similar recruiting drive by sending out phony telegrams with only the words "Call me," the phone number of the school, and a salesman's name on it.

The Better Business Bureau learned of the telegram, investigated and found its use was unfair, deceptive and against the state and Federal Consumer Protection laws. The BBB attorney expressed this opinion in a letter to ITT's lawyer.

Two weeks later the school sent out its second onslaught of phony telegrams exclaiming its "special scholarship program."

By law all such advertising and recruitment brochures must be submitted before being used to the state Education Department. But they were not—and Joseph DeRosa, the state official responsible for supervision of the trade school law, says he was therefore unable to check them for possible deception and misrepresentation.

DeRosa has not seen or approved many of the ads that ITT is supposed to file with him by law before using daily in newspapers like The Globe and nightly on television stations such as Channel 56.

Most of the ads tell of high-paying jobs waiting for graduates of ITT courses. "The jobs are waiting, the salary is good," states one ad for the heating and air-conditioning course. "One of these (173,000) new jobs can be yours if you start training now at ITT," states another for automotive mechanics. "If you'd like to become a dental assistant, ITT can make it happen," exclaims a third.

Incredibly, DeRosa says the "onus" is on ITT to submit its ads for clearance and he "hasn't got time" to monitor television and newspapers to see which ads the schools are running. There is a maximum fine of $500 for running ads before filing them, but ITT has never been questioned on the issue.

Nor was the school questioned by DeRosa last year when it failed to file its financial profit and loss statement as required by law. Feistkorn, the school's director, wrote that the statement was "very bulky" and could not be sent to DeRosa with ITT's license renewal application.

The "very bulky" statement—filed after The Globe threatened the Education Department with suit to obtain it—turned out to be one-page long.

But its contents showed that in 1972, ITT Tech had spent more than a quarter of a million dollars on advertising, promoting and selling its courses, almost $200 for every student it enrolled that year.

The school was also remiss in filing the names and qualifications of its teachers, as also required by law. The Globe found a pattern of ITT instructors teaching at the school for months at a time without their qualification being first submitted to the state. ITT Director Feistkorn blamed the failure on the school's former education director, who he said "was not good on detail."

However, last Sept. 4, Feistkorn himself wrote DeRosa that "pending your approval" the school was considering hiring a new instructor for its heating and air-conditioning class. In fact, the instructor had been teaching at the school for nearly a year, having been hired in November 1972.

The school's failure to file the teacher qualifications on time was upsetting to state Trade School Supervisor DeRosa.

"I admit it's a real bitch," he told The Globe. "They've really been dragging their feet on this one."

ITT HEALTH-ASSISTANT COURSES PROVE COSTLY, BITTER LESSONS

In single-file the young women walked quickly up to the stage to accept their diplomas. Dressed in crisp, white uniforms, each girl cradled in her arm a red rose, a fragile symbol of her graduation from ITT Tech.

The young women should have been about to enter the health professions because they had successfully completed their one-year course in medical or dental assistance. But for many the only thing the future would bring was a $2000 bill from the school.

The expert instructors, the modern equipment, the training programs, the countless well-paying jobs they had been promised by the school and its salesmen had wilted and disappeared as the roses would after that August graduation night.

One graduate recalls: "When I went up on the stage to receive my cap and diploma, I knew I was never going to wear it. When I got back to my seat, I took off my cap and I haven't worn it since. They didn't teach me anything, so how could I get a job?"

The medical and dental assistant courses attract 200 women a year to ITT Tech on Commonwealth avenue, Brighton.

No Federal or state agency approves any health assistance course, and ITT's courses have also not been accredited by professional societies evaluating the two fields. Yet, courses are a mainstay in ITT's big business of selling vocational education.

From interviews and personal experiences, the Globe Spotlight Team learned that misrepresentation by the school and its salesmen is a frequent occurrence in enrolling women in the courses.

An advertisement the school has been running on Boston television several times a week promotes its medical assistant course as including training at "one of the world's most respected private hospitals located right here in the Boston area." ITT salesmen identify the hospital as the Peter Bent Brigham in Roxbury.

However, the school has no training program with the Peter Bent Brigham Hospital at the present time. For less than eight weeks last summer, several students were "volunteers" at the hospital, but the program was canceled by the hospital after reported unresponsiveness by the school and the students.

"It was one of the worst experiences of my life," Mrs. Jacquelynn Hunt, director of volunteers at the Brigham Hospital said of the program. "The ITT girls all thought they would be doing nurse's duties and when I told them it would be routine work, they lost all interest. The school led those girls astray."

Months after the program had been discontinued by the hospital, the school was still running the ad on television and ITT salesman Edward Calamese was trumpeting it in this fashion: "You'll be working on the wards of the Peter Bent Brigham. You'll be giving shots, doing everything a nurse does."

The short-lived program has been used by the school for more than soliciting unwary young women. School Director Charles Feistkorn listed the working agreement with the hospital as a major reason to state officials to have the course approved for the subsidized training of veterans.

Approval from the Veterans Administration (VA) for the course had been denied last July after a review of the curriculum and facilities by a team of medical and dental experts. Feistkorn was upset by the rejection and appealed the decision.

At the August appeal hearing before VA Approval Agent James E. Burke and state Vice-Chancellor of the Board of Higher Education Graham R. Taylor, Feistkorn cited the hospital program and also claimed the school had a "registered nurse and a doctor on its staff." He is also quoted as saying he had been a superintendent of a public school system in Ohio before coming to ITT in Boston.

In fact, two of the impressive claims were inaccurate and a third was misleading. Feistkorn has never been a public school superintendent. There is no registered nurse on their staff, although Mrs. Elizabeth Murphy, chief medical instructor, is listed as one in the school's catalogue. She is only a licensed practical nurse which requires much less skill and training.

And the doctor Feistkorn boasted about is a graduate of a medical school in the Philippines who is not a registered physician in Massachusetts and cannot practice medicine here.

But the state officials checked none of the claims Feistkorn made at that August meeting, and two months later, on October 10, 1973, Burke told the school its medical assistant course was approved for veteran training.

In September, about a month before it received its veteran approval, the school was informed by Peter Bent Brigham that its training program was being discontinued.

Although he had used the hospital program as a major selling point at the meeting with state officials, Feistkorn did not inform them when the crucial program was disbanded in September. VA agent Burke did not learn of the action until told by The Globe.

Asked about Feistkorn's activities, Burke said, "I guess I shouldn't have taken him at his word. I took him at face value . . . I guess I was naive." (Feistkorn resigned as school director shortly before publication.)

Neither ITT course in medical or dental assistance is accredited by the professional associations in the two fields.

"The accreditors would have laughed in our face," a former dental assistant instructor said, "When I first came to the school, the girls were being taught without a formal curriculum They were being instructed on whatever came into the teacher's head"

With its dental assistant course unaccredited by the American Dental Assn., ITT graduates cannot take the exam to become certified professionals, it is a crippling disadvantage when the graduates go looking for jobs.

Of the 236 students who have enrolled in the courses in the last two years, only 52, or 22 percent, have found jobs. In stark contrast, Northeastern University's dental assistant course, which is accredited, has placed 85 percent of the 334 students it enrolled during the same period.

Moreover, like all of the 13 schools which offer accredited dental assistant courses in Massachusetts, Northeastern's program costs much less than ITT's course.

The contrasting statistics take on a tragic tone when interviewing the numerous ITT graduates who have been unable to find the jobs the school had promised on graduation.

"Everywhere I went looking for a job it was the same question, 'Are you certified?' What could I say?" one graduate said. "I guess I was fooled by their being part of a big corporation. Well, the course was expensive, but I got nothing out of it but a big bill which I couldn't pay off because I could not find a job."

One girl found her ITT training so unsatisfactory that after graduating she enrolled in Northeastern's course so she could find a job. She says she recently called her high school counselor and advised her not to recommend ITT Tech's dental assistant course to any students.

The word appears to be getting around. An official of the state Board of Dental Examiners told a prospective student recently to "stay away from unaccredited courses like ITT's."

What the course lacks in substance, the school and its salesmen try to make up for in their promotion.

"Calling All Girls," one ITT health assistance ad appearing in The Globe begins. "Why settle for a humdrum office and secretary's salary—when exciting openings in industry and the professions are waiting to offer you more money to start, faster advancement, more interesting and challenging work."

ITT salesmen pick up where the ad leaves off. "We have the equipment here to teach you everything you need to be valuable to a dentist," salesman Robert Sousa told a prospective student recently as he showed off the school's new $20,000 laboratory. "You'll be able to clean teeth, take mouth impressions, take X-rays and all that once you finish our course."

The duties Sousa outlined are all beyond the scope of a dental assistant, and doing the work he described would put the dental assistant in violation of state law.

The prospective student—a Spotlight Team member—was then given a qualifying examination which she was told would determine if she could take the course.

A former dental instructor had previously told The Globe that the school "loved to sign up the unqualified girl. They were easy marks for the salesmen who were just interested in getting their commissions."

Purposefully, the reporter answered more than half the questions wrong, giving her a mark well below the national average. But it was still good enough to be accepted by ITT. "You're pretty smart," Sousa told the reporter. "You're going to make a lot of money from this course."

The money, however, is made by Sousa. Although he falsely told the reporter that he was a salaried employee of the school, Sousa is paid strictly on commission, $100 for every student he enrolls.

(The Globe found that ITT Tech goes to great lengths to satisfy its salesmen, even at times at the risk of violating two state laws—one giving students three days to cancel home enrollments and the other calling for refunding within 10 days all deposits to a student who has properly canceled.

(Although its practices have been the subject of complaints to the Better Business Bureau and the attorney general's office, the school has never been challenged for its actions which have kept substantial amounts in commissions in its salesmen's pockets.)

Once the $100 commission is secure, students say they are forgotten by the salesmen. Also forgotten for the most part are the exaggerated promises of expert training and high-paying jobs on graduation.

"I have an ITT diploma, but it is worthless," a medical assistance graduate says as she dusts off the display case of the watch repair shop where she now works as a clerk. "The only job I could get was here."

A customer enters the store and the medical assistance graduates walks over to wait on him. She is still wearing the white nurse's shoes she had purchased for the career ITT training was to provide her.

STUDENTS SUFFER BY INACTION OF REGULATORS

The failure of the Massachusetts Education Department and the attorney general to crack down on questionable schools can affect the financial and even the physical well-being of students.

The Spotlight Team found one Boston school that has served food and housed students for four years without either the requisite health or lodging-house permits. Nor did the school have the required state license to operate.

Two other schools folded up in January—in the midst of the Spotlight Team's investigation of them—and locked their 45 students out, owing them at least $15,400.

To determine the consequences of the state's lackadaisical regulatory efforts, The Globe investigated five schools that have either failed to obtain the required state licenses or have been the subject of complaints to consumer agencies.

Operating an unlicensed school may be punished by six months in jail, a $1000 fine or both.

FUTURE CAREERS INC.

Nineteen-year-old Susan DiNicola wanted to mail the deposit for her $500 medical secretary course, but the official at Pittsfield Medical Annex said she had to pay immediately if she wanted to enroll.

"I ran down to the bank and took out all my savings and paid him," she said.

Six days later, as an elevator carried her to what she hoped was her first class, the operator turned to Miss DiNicola and remarked. "Say goodbye to your money." It was sound advice.

When she reached the classroom, workmen were removing desks, chairs and other furniture. The school had closed without opening. Twelve students had lost $3400.

The would-be Pittsfield school was owned by Future Careers Inc., which also had schools in Boston and Worcester that closed about the same time. At the Worcester school 30 students who had paid some $12,000 were left stranded in mid course.

The Boston school reportedly closed at the end of its courses.

The attorney general's office has filed suit against Future Careers to recover the students' money and to prevent the company from engaging in further alleged "deceptive and unfair acts and practices."

But Future Careers, which offered courses in paramedical training at costs between $300 and $500, was well known to both the attorney general and the Education Department before any of its schools went out of business.

The Boston school had been involved in so many dubious dealings with students that Atty. Gen. Robert Quinn and the school entered into a formal agreement recorded publicly a year ago—the only one ever to involve a school—in which the company promised to cease certain allegedly deceptive practices.

The sudden closings of the Worcester and Pittsfield schools were precisely the events that a state law, passed in 1971, sought to avoid. To protect students, it requires certain schools to post a $25,000 bond before being licensed to sell courses in Massachusetts.

Yet Future Careers was able to escape the law and avoid licensing when a ruling by the Education Department allowed the company to change the name—but not the advertised content—of its courses.

FASHION SIGNATURES

"Want to model? Fashion Signatures needs girls. If not (a) professional, short training may qualify you."

This advertisement by Fashion Signatures Modeling Agency appeared recently in the "help wanted" section of newspapers. It was used to enroll students in a 48-class-hour, $345 modeling course at a school of the same name.

Under the state Consumer Protection Act, use of "help wanted" columns to solicit students by making them think a job is being offered is "an unfair and deceptive trade practice." In addition, the state rules governing private business schools prohibit them from advertising in employment sections.

(Until The Globe stopped accepting all such ads, McCall's Modeling Agency also placed ads for an associated school in the employment columns. John Porcello, director of the school, admitted recently he had only two modeling jobs to offer.)

All four Fashion Signatures schools are unlicensed—and consequently have not posted the required bond—because the state auditor has not certified their financial stability.

In the Spotlight Team's investigation, a reporter enrolled with Fashion Signatures school and mailed in a $50 deposit. Although the reporter canceled the following day, the school has refused to return the money.

The school's refusal contrasts with a statement its president, Harry W. Guida, made on Feb. 16, 1973, on a school license application he signed "under penalties of perjury." Guida said deposits were "not refundable unless notified within 48 hours."

JULIET GIBSON SCHOOL

"'Integrity' is a beautiful word!" says the sign taped to a door at Juliet Gibson Professional School for Women.

But judged by its professed standard, the Boston school is far from exemplary. Juliet Gibson, which offers a $1,900 fashion course, recently lacked not only the required state license, but also a city lodging house permit and a state health permit.

In addition, Linda Ross, the school's youthful director, admitted she had used her position as membership chairman of the Massachusetts Personnel and Guidance Assn. to enroll students. All 10 of her current students, she said, were signed up after visits to high schools across Massachusetts.

Although the school has operated without a license for 1½ years, Quinn's office filed suit against Juliet Gibson only after the Spotlight Team inquired at his office about the school.

The suit seeks to enjoin the school from enrolling students until it is licensed.

Quinn has been acquainted with the school for two years. In December 1971 Miss Ross and "the Gibson girls" proclaimed "Bob Quinn Candy Day" to honor "the quality of character and sincerity of heart" of the donor of a box of candy—Quinn.

How did "Bob Quinn Candy Day" come about? As Miss Ross explains it, "There had been a complaint registered against the school in the attorney general's office, and, in order to investigate, he met the Gibson girls at a wedding reception that they sang at."

Later, Quinn brought a box of candy to the school and stayed for 10–15 minutes, Miss Ross said, but his acquaintance with the school apparently had one benefit to Juliet Gibson: Miss Ross heard nothing further about the complaint.

Framingham Civil Service School

Salesman Alex Cataldo of Framingham Civil Service School was indignant at a caller's question about whether any complaints about the school had been filed with the state attorney general.

"Nope. Never," he declared. "The attorney general is a classmate of mine, so there better not be any complaints."

Actually, Atty. Gen. Robert Quinn's office has on file at least five complaints about deceptive selling by salesmen from the correspondence school—two about Cataldo himself.

Yet no action has been taken against the school, and its salesmen continue making false statements like the one by Bert Meltzer, who told a reporter posing as an applicant that no one could pass the state Motor Vehicle Registry Examiner's test without taking Framingham's $400 course.

In fact, the Framingham course is not even necessary to study for the test. A Boston bookstore offers a study guide for the test costing $4.

New England School of Investigation

New England School of Investigation is one of the few state correspondence schools ever threatened with formal sanction by the Education Department, but the department's ire centered on a minor change in the school's contract.

The school is owned by Allied Adjustment Service, Inc., an insurance claims company that appears to use the course as a profitable in-house employment agency, hiring a large portion of the few students New England graduates.

However, the Allied corporation was dissolved in 1970, according to state records.

Walter J. Gillespie, vice president of Allied and an advisory faculty member of the school, refused to explain in a telephone interview why the company was operating under the name of a dissolved corporation, but he said Allied "might be incorporated under another name."

New England, which offers $600 courses in insurance adjusting and private investigation, is administered by Thomas Fortier, a boyish-looking salesman who has sold courses for at least three correspondence schools, including LaSalle Extension University.

Fortier claims to have done four years of college work at LaSalle, but the school says he actually finished one correspondence course in business administration. Fortier made his assertion on a license application he signed under "penalties of perjury."

Sign Now, Said Salesman: $1,850 and a Year Later . . .

The ITT salesman jumped up from the living room couch and shouted at the youth: "If you don't sign up now, you won't get into the course. Those seats are selling like hotcakes. In fact, I'd better make sure you can get in."

The salesman, Donald Barbaro, reportedly rushed to a telephone in the next room and called. He returned breathlessly: "There's still a few seats, thank God, but you've got to sign now."

Hesitant up to that point, 17-year-old Robert Marquis made a decision that he has regretted ever since. He signed his name to an ITT contract to take its $1850 course in heating, air-conditioning and refrigeration.

There was no real urgency for Marquis to sign. The class did not begin for another nine months and there were seats available to the end. He was rushed into enrolling because salesman Barbaro wanted his $100 commission.

Within a year's time, all Marquis's reservations about the school and the instruction turned into reality. The course proved to be ill conceived, poorly taught and badly equipped.

When Marquis and his classmates complained to the attorney general, the state Education Department and to school officials, their pleas for the most part fell on deaf ears.

Marquis's year at ITT ended last August with graduation ceremonies at which 235 students and their families were given a stirring speech about the school's excellence by a Federal education official who now admits his praise was based on his friendship with the school's director.

In his address, Dr. Albert Riendeau of the US Office of Education said: "You made a wise choice when you enrolled here . . . I have discovered you have an outstanding program at all levels at ITT Tech . . . You have been taught by a thoroughly dedicated staff that has the interests of the students at heart."

He ended by extolling the school's "outstanding placement program."

Listening to Dr. Riendau, the youthful Marquis, recalls thinking: "That guy just doesn't know what he's talking about." Dr. Riendeau now admits as much.

He recently told a Globe reporter that his acclaim of the school was "probably questionable" since he had never been inside ITT Tech before the afternoon of the graduation and he had based this speech on a tour and a short talk he had with his "personal friend," school director Charles Feistkorn.

Following the graduation speech, the ITT students filed past Dr. Reindeau to receive their diplomas. One student recalls thinking "It may not be much, but at least it shows I graduated." He was wrong. When he opened up his envelope, instead of the diploma, he found a notice from the school informing him that he still owed them money.

"My mother was sitting there with my grandmother and my sister and her husband. They all wanted to see my diploma. What do you say to them when all you've got to show for your year is a stinking bill,' the student said.

Although Marquis received his diploma, he is just as bitter about his year at ITT. He says he was attracted to the course by salesman Barbaro's claim that it would include instruction in both auto and truck air conditioning. But in fact, the course did not cover these two areas.

Marquis also says the salesman told him the school maintained a free student parking lot. This also was false, as there is a $12.50 monthly parking fee.

Salesman Barbaro says his recollection of the interview is "fuzzy," but he does not remember making the claims were still available. Marquis's parents were present and they substantiate their son's version.

Also, a second student signed up for the course by Barbaro told the Globe he was rushed into signing "because the salesman told me I couldn't get a seat if I waited."

When Marquis signed his contract in February 1972, the course had no official status. It was not until Aug. 2, 1972, a full six months later, that the state Education Department licensed it. Joseph DeRosa, state trade school supervisor, told the Globe that state law prohibits a school such as ITT from soliciting students into a course until it is fully approved by the state.

In approving the course DeRosa notified Feistkorn that state regulation sets the maximum number of students who can be taught by one instructor in a laboratory at 15. A month later, when the course began, Marquis says he was crowded into his laboratory with 26 other students, a dozen above the state-allowed limit. The size of his lab stayed above the legal limit for more than half the year, he said.

From the beginning, the heating, air-conditioning and refrigeration students encountered trouble. Their instructor continually skipped classes and finally quit in November. The new teacher disliked his predecessor's methods and started all over at the beginning—meaning a month's instruction had to be made up.

The episode, like his year at ITT, still rankles Marquis. "I was one of the top students in my class, but I'll be frank; I hardly learned a damned thing. I had to drive 80 miles a day to go there but I wouldn't go back if it was next door."

[From the Boston Evening Globe, Mar. 27, 1974]

HOME-STUDY SCHOOLS: CON GAME OR WAVE OF THE FUTURE

Correspondence education has been hailed by one congressman as the "wave of the future" and condemned by another as "the last legalized con game in America."

Its proponents present home study as the last hope for those who cannot afford college in an education-conscious society. It's said to be the only place in America where opportunity knocks twice.

Opponents castigate the industry as a predatory, insatiable monster that feeds off people's dreams and gobbles up millions of tax dollars through systematic exploitation of government education programs.

A four-month Globe Spotlight Team investigation, based on extensive interviews with students, salesmen, school executives and government regulators and a survey of Federal research, found overwhelming evidence indicating the burgeoning industry is failing students in droves, with few finishing high-priced courses of negligible value.

Saturation advertising is the cornerstone of an industry that sells education like any other marketable commodity. And its surging growth is taking place in a comfortable void, virtually unchecked by consumer and education agencies across the country.

It's now big business and the trade is beginning to be dominated by huge corporations like ITT, Bell & Howell, McGraw-Hill, MacMillan Co. and Montgomery Ward.

What reliable data is available concerning a tenaciously insular industry shows correspondence education dramatically fails the acid test—do students finish their studies and get jobs in the field?

The answer, based on research by the General Accounting Office and the Veterans' Administration, is a resounding no.

Both found that about three out of four students using GI education benefits never finish the course and many wind up with only bills to show for it all. The GAO revealed that only six percent of sampled veterans achieved the critical objective of employment in the field of training.

Four well-known correspondence schools are examined in today's installment.

WANT A SCENIC JOB RAKING ROCKS?

Against the panoramic backdrop of a pristine forest, a solitary ranger rides slowly toward sundown. The narrator beckons man back to nature: ". . . Live and work by a peaceful lake, a sparkling river, in the mountains or by the seashore. . . . As a conservation officer, wild-life manager or forestry aide, you work outdoors, preserving our natural environment and protecting it against the dangers of violators. Call for this free career kit . . ."—television ad for the North American School of Conservation, Channel 56.

For $595, North American School of Conservation offers you a solid career away from smog, city crime, sirens at night, hurried people, snarled traffic. But the raw truth is it really can't deliver.

Government officials who hire in the conservation field have a decidedly negative view of the course as a job credential.

A Globe survey of state and Federal agencies found a firm consensus that the school's instruction is of negligible value in getting even a bottom-level forestry position—such as groundskeeper—and then only if all other things are equal.

The course is virtually worthless for obtaining a "professional" level job in the US Forest and Park Service Departments, where the starting pay ranges from $8,000 to $10,000 and requires a college degree.

The only job available for a North American graduate who had no other credentials would be at "the $100-a-week level raking rocks," according to one official. In most instances, the job would have been available without taking the course in the first place.

Orlo M. Jackson, director of management of personnel for the Federal Forest Service, criticized the school for using "misleading advertising" and said he had complained several times about it to the school without much success.

Jackson gave this characterization of North American's ads: "The stuff is right out of the 1920s—the rugged frontiersman who lives off the land and the romanticized stuff about nature and fishing and hunting. Today you need a specialized technical education to do this kind of work.

"Besides, there are not that many jobs available, period. Even on the professional level there's 300 applicants for every position."

North American doesn't see it that way.

In chatty, "howdy" letters from a man pictured in a cowboy hat, prospective students are told North American offers "the special training and skills you need . . . and the proof is in our graduates." The letter carry the picture and signature of a man who died several months ago.

Ironically, the school refuses to discuss its graduates and students, except to guess that about half finish the course and most get jobs.

However, a 1971 stock prospectus obtained by The Globe shows a stark dropout figure of 74 percent for all North American courses, which include other types of instruction.

North American's disregard for a student's job potential is illustrated by the fact it seeks employment and education information from students who sign up by mail only after they're enrolled and indebted to the school.

A Globe reporter who enrolled indicated he was an unemployed 31-year-old high school dropout who was color blind and partially paralyzed and wanted to be a forest ranger. A Federal expert said the description made "any outdoor job impossible." The school simply took the student's money and welcomed him aboard.

Despite an early contract cancellation, the reporter got nothing but increasingly hostile letters for more money—even though the school at one point was sending him the wrong person's bill and was informed about it.

In sharp contrast with the folksy letters from the dead conservationist, the school's executive vice president is the embodiment of corporate slickness. He refused to answer any questions about North American's faculty, course completion, job placement and financial structure. Most questions were in line with Federal Trade Commission (FTC) recommendations to students who want to "get the facts."

ADVANCE SCHOOLS—SELF-PROCLAIMED INDUSTRY SAVIOR

Advance Schools, Inc., of Chicago is the self-proclaimed savior of the home-study industry, sitting at the right hand of the Federal Trade Commission (FTC), high above the charlatans wallowing below.

"You won't find our ads in girlie magazines and matchbooks," one sales executive said. "We're in Time and US News."

Yet Advance appears to be the Elmer Gantry of the trade, using some of the dubious sales techniques and misleading claims it condemns. All of this is done under the appropriated seal of approval of the FTC.

Even as the FTC was investigating the school for possibly unscrupulous practices, one of Advance's sales managers, to the FTC's consternation, was claiming the school works "hand-in-hand" with the regulatory agency in cleaning up the industry.

In an interview with a Globe reporter posing as a would-be student, William A. Thurston, who managed a hamburger stand before joining Advance, was in high gear: "We're the so-called guys in the white hat. We're the shining example for other schools to follow. . . .

"We're working with the FTC. They've got a big push on now to clean up the home study industry . . . They're using us as an example to follow because of the type of contract we have, the quality of our programs and our high graduate rate . . . The FTC and the VA and anyone else concerned with education is very much pro Advance Schools."

Herbert Ressing, director of the FTC's consumer education division, was stunned by Thurston's assertion: "What can I say? That's outrageous." He said a current FTC educational campaign was directed against "just this type of misleading claim" and he had seen "no evidence" of Advance's ballyhooed cooperation.

BEST COPY AVAILABLE

The school's president and founder, Sherman T. Christensen, is a man who likes to appear above the venality of politics, but, in fact, he has his own lobbyist in Washington and other powerful friends there. He is also a dominant figure in the industry's fraternal accrediting body, based in the capital.

Christensen is a friend of former US Rep. Roman Pucinski of Illinois, who ran unsuccessfully for the Senate in 1972 against Charles Percy. Christensen denied doing any more for the Pucinski campaign than buying two tickets to a dinner for "20 bucks," but Illinois records show he donated $1000 to Pucinski.

(Christensen also denied making any political contributions other than at a local level, disdaining the process because of "what Watergate has shown us." But, again, records show he gave the Committee to Reelect President Nixon $1000).

Pucinski, now an alderman in Chicago, has long been an ebullient advocate of home study, calling it the "wave of the future." He has described himself as a consultant to the industry, but rejects the term "lobbyist."

In a public relations coup, Christensen was recently featured in Fortune magazine as the lone ranger of correspondence education.

"Christensen began cleaning up his own company's practices in 1967," the article states. "When he switched his salesmen (who had 'learned every trick in the book') from commission to salaries, 61 of 62 quit."

What Christensen did not say is that the reform is a matter of semantics. He initially claimed that his salesmen receive salary only but, under questioning, admitted they also receive substantial bonuses per sale and expense money.

Christensen, 64, started the family business in 1937 and now runs a nationwide corporation that expects to take in about $40 million in sales from 21 separate courses in 1974.

He told Fortune magazine last October he was "so pleased" with an FTC pamphlet warning prospective students about unscrupulous practices that he ordered 50,000 copies for distribution to his salesmen.

Or did he?

FTC education director Ressing said: "This has not occurred yet. In fact, I just sent Christensen a little note asking why this has not occurred."

Advance, like other large-scale correspondence schools, is highly dependent on government subsidies for its students and appears to be one of the foremost users of GI benefits.

VA records show that as of last October about one out of every seven veterans using benefits for home study across the country were students at Advance. It appears that the VA underwrites at least half of Advance's tuitions.

It is not surprising, then, that Advance was in the vanguard of an industry move to stop a reduction in GI benefits for vocational education, which dropped tuition coverage from 100 percent to 90 percent.

Advance even flew in some well-rehearsed students in 1972 to ask Congress not to make the cut, which Advance claimed would be ruinous to the industry and unfair to veterans.

One of them had his prepared statement taken away from him abruptly by an attorney for Advance, who told him to give an impromptu account. His written statement contained an admission that he had also attended a resident state-run trade school while taking Advance's $900 course in air conditioning and refrigeration.

"There's something I should tell you," the student from Fern Creek, Ky. sheepishly told the Globe. "I went to a trade school at the same time. It cost me $22.50 and had all the equipment and top teachers.

"Even though Advance Schools gives you (equipment) kits, it doesn't give you everything you have to have, so I went to this other school . . . That's how I got my real knowledge."

Here's what he told Congress: "I could have gone to a trade school and paid the minimum charge and made money (off the VA), but under the circumstances it was impossible for me to go to another school . . . I got all the help I could possibly need from (Advance) and I guess that's all I have to say."

Lafayette—70 Percent Do Not Finish

A well-traveled salesman from Lafayette Academy of Rhode Island shifted uncomfortably in his chair, looked pale and coughed. He had been confronted with his erroneous claims and what the facts actually were and he was struggling to remain composed.

After assuring a prospective student that the material for a travel-agent course was prepared exclusively by the school's "experienced staff," he was shown a section of the school's textbook that matched up exactly with a section of a standard tour handbook used widely by travel agents.

Here's the play-by-play:

Q. The course material is prepared and packaged by the school itself. Correct?

A. Yes, that's correct.

Q. Is the so-called travel agent's handbook used as part of the course?

A. No. Your lessons won't come from that.

Q. Are you sure of that?

A. Yes.

Q. May I show you something? (School text and handbook material are the same.) You said no lessons would come from the handbook and here they match up perfectly. What's the difference between the $8.50 handbook and the $740 course material?

A. No difference. It's the same thing.

Murray Geberer went on to say there were many other things to learn from the course—"a little history of the business, a little geography"—but ultimately conceded the handbook material, which deals with the nuts and bolts problems of booking passengers, is a "significant portion" of the course.

Lafayette Academy was formed in 1969 by some young Turks from LaSalle Extension University, with headquarters in Providence and heavy selling concentration in New York City. It now has branch offices across the country.

Stuart Bandman, the operation's prime mover, is a 37-year-old former salesman who jumped from LaSalle and is now chairman of the board of a rival school that offers the usual wide array of instruction.

The move has paid off handsomely. He is paid a maximum of $75,000 in salary, has lucrative stock options, and lives in the posh bedroom community of Stamford, Conn. When the company offered its stock to the public, Bandman appears to have reaped about $300,000.

The firm's 1972 stock prospectus, under the heading of risk factors, revealed that seven out of 10 students do not finish the course. This starkly contrasts with Geberer's claim that 80–90 percent complete the courses.

Bandman, who cut short an interview when questions began to cut close to the bone of his operation, claimed 40 percent of the students graduated and 40 percent of those got jobs in the field. This means only four out of 25 who enroll get a job, according to the head man himself.

Informed that his answers were at sharp variance with claims made by one of his salesmen, Bandman ended the interview. "Let me tell you this. We are an accredited school. I refer you to the National Home Study Council. We're getting into an area where it's best that they handle these questions."

In January, the FTC cited the school in a proposed complaint containing a litany of deceptive sales and advertising practices. An FTC official said negotiations with the company could take years.

Meanwhile, it's business as usual.

LaSalle—The Nation's Largest

Just about dusk on a cold, gray Saturday, Samuel Ellison knocked on a suburban door and asked the little woman if the man of the house was interested in bettering himself at LaSalle's Extension University.

Ellison arrived—without any advance notice—because a reporter mailed in a request for information on a correspondence course. Instead, he got an unlicensed salesman at his door.

Contacted later by telephone, Ellison reeled off a long list of "careers" available through LaSalle Extension University, a subsidiary of MacMillan Publishing Co. The courses, ranging from bookkeeping to diesel mechanics, take in an estimated $70–$80 million a year, making LaSalle the biggest volume home-study operation in the country.

The school retains its leading position despite the fact it nearly had its accreditation withdrawn in 1969 by the usually docile industry-sponsored National Home Study Council. (The council, which backed off when threatened with a suit by MacMillan Co., refuses to give the reasons for the censuring action.)

Ellison, in an interview, made several serious misrepresentations and managed to make two false statements in answering one question.

Asked if he had a license to sell correspondence courses as required by state law, he said: "Yes, I do. All LaSalle representatives have to be licensed by the state. Even though we are salesmen, the state positions us as guidance counselors."

At the time of the statement, Ellison was unlicensed and months later, still does not hold a license, according to records of the state Department of Education. Moreover, the state does not transform salesmen into counselors, and appropriating the title runs counter to the Federal Trade Commission Act and Massachusetts consumer laws.

Pressed for an explanation of why the state had no record of his license, Ellison referred the matter to regional manager James Davies of Dedham.

The telephone interview with Davies took a bizarre twist when Ellison called him on another line and held a conversation with Davies overheard by The Globe. It went like this:

Davies. Mr. Ellison is in the process of being licensed.

Globe. There's no application on file.

Davies. Did he come to your house? (Other telephone rings). Excuse me. *Hi, Sam. I know. He's on the other phone now. This is hairy. The only thing we can do is, I don't know, man. See, he already checked and found you weren't licensed. . . .*

Davies went on to falsely state that Ellison only "checks out" a prospective student's "qualifications" and then turns over the student to a licensed LaSalle representative for enrollment.

Ellison, like all LaSalle salesmen, is trained in the "art" of negative selling, where students have to convince the salesmen they're good enough to give them their money.

An instructional booklet, given to salesmen and obtained by The Globe, outlines a five-step sales pitch "to take you right from the prospect's door . . . to an enrollment. It answers most of the prospect's questions before they are raised."

Success, according to company guidelines, means the applicant "has been trying to persuade you that he is qualified."

The booklet starts the salesman at the door: "Mr. ————, last year the university enrolled only 15 percent of over 500,000 interested people. Wouldn't you be interested to see if you qualify?"

Moving into the living room, the key, according to the booklet, is to extract—by repeated questioning—a confession of dissatisfaction with the prospect's current job and standard of living. "Are you happy? . . . Is this the job you want for the rest of your life? . . ."

The climax of the negative sell is sheer gall—given the specious nature of the school's "selectivity." It's called the summary question. "Now, Mr. ————, can you give me one final reason why your application should be accepted?" The booklet advises the salesman to wait a minute or two for an answer if necessary.

Ellison, in the best tradition of tenacious home-study salesmen, was undeterred by the dispute over his unlicensed status, which could bring a fine of up to $1,000. Contacted the very next day by a second Globe reporter, he snapped at the chance for a sale. "You called the right person. Now what's your address?"

He did not even blink when the prospect capriciously changed his mind at the outset and decided that he'd rather be a lawyer than an accountant. It only disturbed him when he was later questioned about his license.

In a classic oration, Ellison made multiple misrepresentations about LaSalle's four-year law course. They all paled before one overshadowing fact: the course, according to company policy, cannot be offered in Massachusetts or any other state except California, which allows some correspondence students studying law to take its bar exam.

To do otherwise is viewed as misrepresentation by LaSalle itself, according to its corporate general counsel.

Ellison, after enrolling the second reporter, was again questioned about his license. He went on the offensive this time, questioning the student's "whimsical lifestyle." He ultimately informed the school the prospect had decided not to take the course.

Globe. Now that I've signed a contract and asked about your license, you don't think I have the right motivation?

Ellison. My not being licensed doesn't have anything to do with that. I'm simply asking you—do you really know what you want to be in life?

(Ellison later was fired for "breaking company regulations" that his superior, regional manager Davies, apparently knew about all along. Davies falsely told one applicant that Ellison was licensed.)

One former LaSalle salesman told The Globe he quit the firm largely because he didn't like what he was becoming. Even his friends said his personality was changing.

Lawrence Kiggins of Newburyport said: "My job was just a big con game." He was broken in by a salesman who told him to use whatever works. So, Kiggins began introducing himself as "Prof. Kiggins of LaSalle University."

"Actually," he said, "I was taught to be nasty. By being so aggressive you'd overpower some people. You'd force your way into their home, and I was doing things I didn't think I was capable of . . .

"I was degrading people. I was told by my friends that I was changing. By being so overbearing and gruff, it changed me as a person.

A MacMillan Co. spokesman refused to allow the Globe to interview the head of the Chicago-based LaSalle on the telephone "because nobody likes that."

In a written response, Warren B. Smith, president of LaSalle, ignored or only partially answered most of 18 questions. He also failed to substantiate several advertising claims and made at least three apparent misrepresentations of fact, concerning sales quotas for representatives, the total number of LaSalle salesmen and the use of salary figures in advertisements.

[From the Boston Evening Globe, Mar. 28, 1974]

CAREER SCHOOLS BULLY STUDENTS TO ENROLL

NOTE.—This is the fourth installment in a series by the Globe Spotlight Team on the profit-making vocational education industry. Today's article examines three resident training schools in Massachusetts.)

Brushing up on his lines like an actor before his entrance, business school salesman Charles Ahern mumbled to himself in preparation for the interview.

Suddenly Ahern stared sternly at the uncomfortable applicant seated across the kitchen table from him. "Why doesn't she care about you?" he demanded scornfully.

"Why doesn't who care?"

"Your wife. Where is your wife? If she doesn't care about your future, why should I?"

The question, which the prospective student thought both presumptuous and irrelevant, had its purpose. It was part of a potent sales technique known as "the negative sell." Employed by high-pressure salesmen, it puts the applicant on the defensive, debases him and evokes a groundless fear of rejection by the school.

Yet the Spotlight Team found the negative sell to be but one of many practices that lead past and present students, teachers, and school officials to speak of the profit-making, or proprietary trade school industry with bitterness describing it as an unregulated shell game in which the only loser is the student.

An estimated 150 proprietary schools operate in Massachusetts—and some 10,000 nationwide—selling courses that purport to teach everything from tractor-trailer driving to fashion merchandising, repairing televisions to assisting physicians. They cost from $500 to $4000 and last anywhere from four weeks to two years.

During The Globe's investigation of these schools in Massachusetts, Spotlight Team reporters posing as prospective students observed flagrant and repeated flouting of the law, both by salesmen and by school administrators.

The most frequently violated law was the Consumer Protection Act, which prohibits unfair or deceptive practices. Among salesmen of profitmaking vocational schools in Massachusetts, such techniques appear rampant.

Sampled schools were also found in apparent violation of state laws and rules regulating advertising, refunds to students, the licensing of salesmen and state approval of teachers. The laws carry criminal penalties.

In addition, several schools were found to have misrepresented the training they offered, which had little practical value, high dropout rates and dismal placement records.

Many schools exist, The Globe found, by virtue of expensive, high-powered marketing campaigns and systematic exploitation of Federal grant and loan programs created to help veterans and underprivileged youth.

Some schools concentrate their sales drives almost exclusively in poor neighborhoods, where they foster hopes that success can be purchased on the instalment plan.

Others seek the teenage high school dropout, who is no match for the salesman's polished pitch.

"I would try to get him to believe the reason he has been such a failure lies within himself," one former salesman said in explaining his approach. "You try to degrade the kid in his own eyes. Once you've done that, you try to make him see that the school you are selling can offer him the gateway to a profitable future. He'll buy it every time."

Commissioned salesmen at some schools who are skilled in the negative sell are rewarded for lucrative enrollments with large cash bonuses or gifts such as stereos and leather chairs.

Predictably, the stock in trade of such salesmen is deception—practiced all the more effectively and forcefully in the intimacy of a prospective student's home. In such a setting, the Spotlight Team found, anything goes.

DEAD-END TRIP ON RATTLETRAP TRUCKS

On a windswept abandoned air strip in Quincy, dozens of young men sit in their cars for hours each day awaiting their turns to drive run-down tractor trailers.

They are there largely because a salesman from New England Tractor-Trailer School promised modern training equipment and individualized instruction. Instead, they sit and smoke and talk bitterly about the school.

For most, the "road to prosperity" depicted in school literature will be a dead end.

Those who eventually receive their truck drivers' licenses—and former students estimate that about half the graduates pass the license test—will likely face years of toil as delivery truck drivers or dock workers.

Only a few will become well-paid long-distance drivers.

Moreover, graduates who find jobs are likely to get them on their own, for the school's "placement service" consists of distributing names of local trucking companies to the students.

And when they enroll in the $800 four-week course, prospective students do not expect to wait up to six hours they spend behind the wheel of a decrepit, sometimes unsafe truck.

Nor do they expect to be told by their classroom teacher, Fritz Heller, that "trucking is the lyingest, cheatingest business you could ever get into, and if you're not ready to lie and cheat then don't get into it."

But these and other experiences have been described by former students of New England who are bitter and angry about the school. "They don't really give a damn about anything except the money they're pulling in," said one graduate.

About a third of the students are veterans. At least one veteran, a former student is disenchanted with the Veterans Administration for allowing GI Bill benefits to be used at the school. "I thought to myself, being VA approved it must be a better school," he said. "That couldn't have been less true."

Former students also complained about the equipment and instruction at New England. While the school used some good trucks, the students said in interviews, they had driven trucks without brakes or clutches, with faulty steering, bald or flat tires, fuel leaks, broken transmissions, windows and heaters.

One graduate said the brakes on a truck he had driven were so bad that one of the school's mechanics rammed it into a wall trying to drive it into a garage. "The equipment is extremely ratty," he said. "I know you can't have beautiful equipment for guys who are just learning to drive, but this equipment is terrible."

Arlan Greenberg, the school's president, conceded his school was "not perfect," but he argued that he had "no incentive" to correct its problems. "If we're going to do it, let everybody do it," he declared. "We don't mind. If we have to follow them, we'll change our ways."

Salesmen for New England, which calls itself the largest such school in the region, do not include such sobering assertions in their spiels to prospective students.

In addition, the Spotlight Team has found that the school apparently has violated state laws in Massachusetts and New Hampshire, and Greenberg appears to have lied to the Registry of Motor Vehicles, which licenses New England.

In his tape-recorded interview with The Globe, Greenberg also made a number of demonstrably false statements and misrepresentations about the school.

Three years ago Registry inspectors examined the school and found defective trucks and filthy conditions. They described the equipment as being "in very poor condition" and "in rough shape."

It still is. A list of school trucks filed last March with the Registry showed the average age of the tractors to have been 10 years, while the average of the trailers was 17 years.

During its 1970 visit, the Registry made another discovery. When inspectors asked a school teacher to produce his instructor's cerificate, which is required by law, he said he had left it at home. That was false; he did not have one.

Last August the Registry conducted a second inspection of the school. This time two more men were found teaching without required certificates. "This has been a common practice," a Registry examiner concluded.

The Registry heal a hearing on the teachers, and Greenberg and scall manager Richard Grassette admitted having violated the law. They were given a warning, although the infraction could have cost the school its license.

In an interview with The Globe, Greenberg maintained that no uncertified instructor had ever taught at New England.

Greenberg intimates his school is highly profitable. One reason for its success—and one way in which it appears to violate the laws of at least two states—is its practice of collecting a $200 "nonrefundable" deposit from applicants.

Under the laws of Massachusetts and New Hampshire, school contracts must contain a specific cancellation clause permitting full refunds in certain cases where students have enrolled in their homes. Greenberg contends New England's contracts contain both the cancellation and "nonrefundable" provisions. He refused to show a copy of the contract to a Globe reporter.

In fact, it appears his salesmen have not always used such a contract. The Globe has in its files copies of contracts signed recently in the homes of students from both states, and none contains the refund-cancellation provision.

In Massachusetts the penalty for violating the cancellation law is imprisonment for up to six months, a fine of up to $500 or both. In New Hampshire, violations can bring a $1000 fine, one year in jail or both.

The Registry supervisor responsible for licensing tractor-trailer schools, William Mitchell, said he had been assured by Greenberg that New England's contract had been "cleared" with the attorney general's office. Greenberg repeated the claim in his interview with The Globe.

An official in the attorney general's office denied the assertion and said contracts are not cleared by the office.

Dubious claims were made by other school officials. Richard Grassette, New England's manager, in trying to enroll a Globe reporter posing as an applicant, made a number of contentions that former students strenuously disputed.

The former students were especially incensed at his claim that the institution gives each student 10–20 hours of open-road driving practice and sends information on each student to potential employers. Grassette also claimed falsely that no student who wants a license leaves the school without getting it.

A major student complaint is overcrowded conditions at New England. One former student calculated he had not received eight hours of actual instruction in more than 100 hours spent at the school.

(Such practices are not confined to New England. Vito Augusta, a salesman who worked briefly for Andover Tractor-Trailer School, assured a Globe reporter acting as an applicant that despite the "one or two Registry examiners who are really strict," 99 percent of Andover graduates pass their licensing tests.

("There are certain days we go when you get the . . . (examiners) who bend a little." Augusta said. We know what towns they go to, what days, so you'll get the good guys. You won't have any problems.")

In a sworn statement, he said instructor Fritz Heller had told his class how to "get around" U.S. Department of Transportation (DOT) safety rules and also had "related personal experiences regarding such evasions."

The graduate recalled Heller telling the class not to become truck drivers unless they were ready to lie and cheat. Heller later provided him and other students with the answers to the DOT safety test while they were taking it, he said.

The former student's observations were corroborated by three other former students. Heller refused to be interviewed by The Globe about his teaching.

Greenberg was critical of state efforts to regulate truck driving schools, but he was openly disdainful of the license under which he operates New England.

As he put it, "I don't think the license means anything . . . It's like a fish peddler's license. If you want to sell fish on the street you've got to have a health department license . . . It's the same thing."

ABILITY TO PAY IS ONLY APTITUDE NEEDED FOR COSTLY COMPUTER COURSE

Salesman John Everson was nonchalant about the prospective student's near-failing performance on the "qualification" test given by Electronic Computer Programming Institute (ECPI).

"Although your test doesn't show it," he calmly assured the applicant, "I'm sure you can do the work here. You've got to stop guessing."

When the applicant—actually a Globe reporter—denied he had guessed, Everson became annoyed. "Don't worry. Just listen to what I say. You can do the work."

At the Boston branch of ECPI, located above a bar in Kenmore square, aptitude tests apparently are used not to weed out untalented prospects but to enroll them. Everson's applicant, deliberately giving wrong answers, scored 54 percent on the test.

ECPI, part of a nationwide chain, offers courses in computer programming and security services costing $1850. Until two years ago it was owned by a steak house operator and his headwaiter.

To evaluate ECPI, The Globe hired Alan Taylor, a consultant with years of experience in the data-processing field. Taylor found serious deficiencies in the school, including its use of the test as "a selling tool," a practice he sharply criticized.

Taylor concluded that the school appeared to be providing a course substantially different in content than the one it advertised, and he found ECPI to be distorting the purpose of its course.

While the student is led to believe the school will train him for a career in computer programming, he noted, ECPI actually regards lower-paying computer operator jobs as successful job placement.

During a tour of the school, Taylor found serious weaknesses in its method of instruction. He observed that the computer used by ECPI had extremely limited capability for teaching students the fundamentals of computer programming.

Two ECPI officials refused to be interviewed about the school. Sidney Neely, director of the Boston school, refused even to state his own professional qualifications, while William Kalaboke, vice president of the company that owns the school, requested that questions be submitted in writing and then would not answer them.

Their reticence in understandable. Aside from its questionable educational value, the school gives its salesmen free rein in their sales techniques, which were frequently deceptive, The Globe found. Two ECPI salesmen made a series of false claims to a Globe reporter acting as a would-be student.

Everson maintained the school had placed 80 to 90 percent of its graduates in programming jobs, a claim that one knowledgeable former employee said was preposterous. The former employee estimated that no more than 10 percent of ECPI graduates get "decent jobs" in the computer field and said the school lost at least 50 percent of its students before graduation.

(By contrast, Blue Hills Regional Technical Institute, a Boston-area public school, reported that 82 percent of the 135 students who started its data processing programs over the past three years completed them, and 95 percent of the graduates were placed in jobs.)

Salesman John Stolos falsely said ECPI had "several" computers and confided, "Listen, if you can type on a Royal typewriter you can type on anything. Don't worry about the machines." In fact, ECPI has only one outmoded computer.

The competitive urge at ECPI apparently leads to excesses that surpass the fanciful claims of its salesmen. Perhaps the most serious was committed by director Neely himself.

On Oct. 9, 1973, director Neely wrote to an official in the state Education Department stating that "effective immediately" his school would not be "interviewing or enrolling students in their homes," according to a copy of the letter, which is in the Spotlight Team's files.

Because of Neely's assurances, ECPI salesmen were exempted from the state licensing requirement.

Just one week after Neely's letter, a Globe reporter was enrolled in his home by Everson. The next day, Oct. 17, the newly enlisted student visited ECPI and spoke to Neely, who was told several times that the contract had been signed in the home.

The penalty for violating the licensing law is up to six months in jail, a $1000 fine or both.

One former salesman said he and his colleagues knew of the licensing law but just did not bother to obey it. At ECPI, he said, student enrollments came first and successful selling was rewarded with expensive bonuses selected from a Gold Star Coupon book. He received a stereo set, a leather chair and a movie camera for high production, he said.

The school's primary market was high school dropouts and underprivileged youths, the ex-salesman explained, and television advertising was found to be "the perfect way of getting leads."

Salesmen used the negative sell to "break down" the prospect psychologically until he believed "the only friend in the world he had was the school salesman," he said. Applicants who asked tough, probing questions about the school were hastily abandoned.

Schools like ECPI have recently focused attention on the questions of professionalism and ethics in the computer training field. "This is a major problem for our profession, and it is degrading to us," said Homer Cates, president of the Boston chapter of the Society of Certified Data Processors.

Cates was especially critical of ECPI's claims about what it can teach its students.

"It is virtually impossible for the best of MIT's students to learn this amount of instruction in a year, studying eight hours a day with use of all their machines," he asserted. "To think that an ECPI student can do it in 4½ months with the use of a single Univac machine for four hours a day is simply ludicrous."

"It could be hilarious except that they are getting away with misrepresenting the course this way, and students are being misled."

Massachusetts Radio—Falsehoods Help Sell Electronics Course

A drawing of a rat running on a treadmill flashed on the television screen, followed by an upbeat voice: "Getting no place fast? Contact Mass. Radio and Electronics School. Join the change-of-pace people . . ."

A call to the school brought a quick response from one of the "change-of-pace people." His name was Maurice Sadur, and in a home interview with a reporter posing as an applicant he combined a tone of relaxed candor with a sale spiel filled with exaggeration and falsehood as he tried to sell a $1014 electronic technician course.

"We classify ourselves as a little MIT," he declared. Here are three of his more egregious assertions:

"We place you with a major company." (The state trade school rules prohibit such guarantees.)

"All my students pick up $50 to $100 a week doing part-time work." (This claim is contradicted by the school director.)

The school is "endorsed by the state Education Department." (This false claim is an apparent violation of the state trade school rules.)

Sadur, a Dorchester High School graduate, is the school's "top salesman," according to Russell Heiserman, its director, who estimates Sadur enrolled about 200 of the school's 380 new students last year. There are two other salesmen.

Public funds are a major source of Mass. Radio's income. About 35 percent of its students are veterans, whose tuition is 90 percent paid by the Veterans Administration. Moreover, the state Rehabilitation Commission sent 41 students to the school last year at a cost of $29,500.

When Sadur's applicant visited the Boston school at its second-floor 271 Huntington ave. location, the commissioned salesman warned, "You can't approach this like a college campus." It was sound advice. The front windows were filthy and several were broken. The halls and classrooms were dirty as well.

Less criticism of Mass. Radio was voiced by its graduates than by graduates of other schools about their own education. However, the school is not the "model institution" its parent company depicted in its annual report.

"I like it OK because I was older and applied myself, said Edward DeCosta of Rolindale, "but for half the kids it was a case of the school taking their money and running." DeCosta said he would have to take a cut in his current salary to get a job using what he learned at Mass. Radio.

Other students were critical of the school for accepting applicants they regarded as unqualified or unmotivated.

Apart from such criticism, Heiserman concedes he has had problems.

In an interview, he admitted two apparent violations of the state trade school law. Two instructors taught for months before their qualifications were submitted to the Education Department as required, and Heiserman "forgot" to submit his television ads, he said.

Heiserman also took six weeks to refund a deposit paid by a Globe reporter acting as a would-be student. He confessed he was unaware of the state law that requires such refunds within 10 days and carries a possible penalty of six months in jail, a $500 fine or both.

Mass. Radio's most serious problem appears to be its dropout rate of nearly two-thirds. Heiserman downplayed its importance, insisting the figure was inflated by an estimated 20 percent of enrollees who failed to appear for even the first class—one likely consequence of a high-pressure sales campaign.

HARD-NOSED SALESMAN FLOUT STATE LAWS, DECEIVE APPLICANTS AT CAREER ACADEMY

"Train for a rewarding career!" urged the quarter-page advertisement in the 1973 Boston Yellow Pages. "Exciting courses prepare you for one of the many good-income jobs available."

This appeal and others like it by Career Academy have lured hundreds of young people to the school near Kenmore square.

Only after enrolling, however, did they learn that Career—with a haphazard "placement service" and deficient curriculum and facilities—cannot deliver what it promises.

Located above a lounge and bowling alley, Career appears to have waived its students' welfare and given the run of the school to what one knowledgeable source termed "head-hunting" salesmen.

Its salesmen are masters of "the negative sell," a technique of breaking down applicants psychologically by creating anxiety and insecurity about whether the school will accept them. Among these salesmen, the Spotlight Team found, deception is canon and the negative sell veritable scripture.

Under Douglas Springmann, until recently the school's director, a hard-nosed sales force armed with Federal loans and grants was unleased on a market of high school dropouts and underprivileged youths to compete for commissions as high as $275 per student.

Moreover, Springmann hired as his "admissions director" Judith Saperia, a former Playboy Bunny with no record previous experience in the education field.

About 50 new students are enrolled at Career each month, Springmann estimated, and about a third of them are members of minority groups.

The school offer resident courses in broadcasting and medical and dental assistance that cost $1700, as well as a $2300 drafting course and a $1270 correspondence course in hotel-motel management. Career's faculty, like that of many private vocational schools, has a high turnover and is paid about half what the school's salesmen earn.

In its zeal for more students, the school has flouted at least two state licensing laws designed to protect the public from unscrupulous sales practices: at one point, three unlicensed Career home salesmen were enrolling students.

Although Springmann claimed no salesmen had been guilty of "dishonest misrepresentation," Globe reporters posing as would-be students were told innumerable falsehoods by all of the Career sales representatives.

In the midst of the Spotlight Team's investigation, the hierarchy of the school resigned.

Joseph Maher, president of the Milwaukee-based chain, admitted the Boston school had "problems" and said he was pondering whether to comply with a request by The Globe for placement and dropout statistics. He provided no information.

His reluctance was understandable, for Career has a dismal record in the one facet of vocational education that matters most—job placement.

A former instructor in Career's broadcasting course in Boston said that of the 300 to 400 students he has taught, he could think of only four graduates who held jobs with a future.

Another knowledgeable former employee told The Globe that a recent survey by Career had disclosed that about 70 percent of graduates of the school's medical and dental assistant courses and about 95 percent of broadcasting graduates had not found employment.

Somber facts like these are seldom divulged in a Career salesman's spiel. On the contrary, favorable statistics are often invented.

Salesman Agammenon Topoulos told one applicant Career had a 15 percent dropout rate and found jobs for 85 percent of its broadcasting students and 100 percent of its medical and dental students.

Salesman Charles Ahern claimed all but one of the last broadcasting graduating class had gotten jobs, and "we could have gotten the last fellow a job, but he wanted to work in just one city."

(Ahern, who was unlicensed, later enrolled a Globe reporter in the broadcasting course in apparent violation of a law carrying a penalty of up to six months in jail, a $1000 fine or both. He subsequently resigned.)

Such assertions might be dismissed as predictably hyperbolic salesmanship were it not for their effectiveness in enrolling young men and women—especially the deprived—with little chance to succeed in the fields they study.

"They were really poor souls who had been taken advantage of," said G. Michael McKay, one of Career's few successful broadcasting students.

"They fooled around with the equipment, listened to tapes and records and took pictures of each other on the tape machine, but you knew they weren't going anywhere," McKay said. "They would never find a job. I don't know why the school ever accepted them. But I guess there's no law against trading on people's dreams."

Abuses in selling the broadcast course have been manifold. A former instructor said he had a student with a harelip and a lisp whose voice never fell below a high, squeaky pitch. One salesman even enrolled a woman student who could neither read nor write, and she was taken out of the class only because the teacher threatened to quit, the former instructor said.

This "turn no one down" policy was followed with a Globe reporter who applied at Career. The reporter, however, brought to his "audition" a professional broadcaster whom he introduced as his friend.

After reading three short paragraphs into a microphone, the reporter received a nod from Robert Patterson, a broadcasting teacher later elevated to acting administrator of the school.

"I could tell you knew how to speak from looking at you," Patterson remarked, "but I had no idea you were going to be that good." The reporter's "friend" was less enthusiastic. "You were terrible," he said, adding that even with training the reporter had little future in broadcasting.

The school's medical and dental assistant courses have little more to commend them than the broadcasting course.

The dental course is not accredited by the American Dental Assn.—a significant liability for graduates—and Springmann admitted he did not know whether accreditation was important.

Besides being unaccredited, the courses are extremely expensive, costing $1693. By contrast, regional public schools offer the same courses free to area residents and at nominal cost to outside students. Even local private nonprofit schools are considerably cheaper.

While Career refused to provide placement and completion statistics, nearby Quincy Vocational-Technical School gladly disclosed its record. Of 55 students who began the dental assistant course in the past three years, 51 finished and 50 were placed in jobs, the school reported.

One former Career teacher attributed his school's dismal record to three factors: Springmann's insistence on admitting anyone from whom a salesman could extract a check, a badly organized curriculum and infrequent placement service.

Mary Staton of Dorchester, a medical graduate, is angry about her experience at the school. Before enrolling, she said, a salesman extolled Career's "placement" service

"They told me there was no sense spending all those years studying to be a nurse when I could get a good paying job as a medical assistant, and they would find me a job," she said. "What lies. I spent $1200 of my hard-earned money on that course and got nothing out of it." She is still looking for a job a a medical assistant.

Even some salesmen are disgusted by what they do for a living. A former salesman for Career and other schools told The Globe: "To be a salesman at these schools you need a rugged conscience. You've got to dangle that dream in front of those kids, knowing full well that it's a hopeless dream, and seldom have a second thought about what you are doing."

Salesman Agammenon Topoulos, one of Career's top sellers, personifies this philosophy.

In a home interview with a Globe reporter posing as an applicant for a drafting course, Topoulos made these false assertions: Career sends each graduate on four or five job interviews; Topoulos himself was a salaried "associate manager" of Career; and the school's "enrollment application" was not a contract.

In reality, the school did not routinely arrange one—let alone four—job interviews; Topoulos is a commissioned salesman; and the "application" can legally bind the student.

Topoulos falsely claimed to be licensed. Admissions Director William Taylor, asked whether Topoulos was licensed, took the offensive: "I don't think it's really important as far as your career is concerned, is it?" (Taylor later resigned.)

Besides working for Career itself, salesmen also sign up students in mail-order courses offered by a subsidiary. Robert Burns, a portly, middle-aged salesman who improperly identified himself as an "education counselor," enrolled in a correspondence course a Globe reporter acting as a would-be student.

Burns, also unlicensed at the time in apparent violation of state law, engaged in the traditional Career charade outlined in a "confidential qualification form" that comprises the heart of the school's negative sell. The Spotlight Team has obtained a copy of the form, which includes the following questions and parenthetical notations to salesmen:

"Were you using the crutch of procrastination and future plans as an excuse for doing nothing until now? . . . Also a lack of self-confidence? (If yes, self-confidence must be given at this point to prospect.) . . . Do you want to remain a dreamer or do you want to become a doer? . . ."

Salesmen were not the only Career personnel found to have committed apparent violations of law. In a tape-recorded interview, Springmann admitted he had violated the legal requirement that the school's advertising be approved before it was used.

"I confess I have not done that," he told The Globe. "I know its a violation."

The school itself consists of one upstairs floor at 70 Brookline av., Boston, paneled almost entirely in imitation wood wallboard and decorated with in-house "awards" to previous classes.

Plaques on the office wall recently identified the school as a member of the Better Business Bureau (BBB) and the Greater Boston Chamber of Commerce. In reality, Career belonged to neither organization. It's membership in the BBB expired in 1969, and its Chamber membership ended in 1971.

In this setting, a Globe reporter who had enrolled earlier was escorted by Ahearn on a grand tour of Career.

Putting a final deceptive touch on the transaction, Ahearn stopped at a drawing of a building that hung in the corridor. Informing the student that the sketch depicted Career's planned new school in Boston, Ahearn pointed proudly to a window at the top of the building. "That's were my office will be," he explained.

Springmann said later that the sketch was merely a drawing by a Career drafting student. Apprised of what his salesman had said, he just shook his head and murmured, "Oh no. Please, no."

[From the Boston Globe, Mar. 30, 1974]

INSIDER SAYS BELL & HOWELL USES ITS NAME TO "HUNT" STUDENTS

(Anyone can sell with our leads and our deal. It's the best around and those here for a free ride will soon have an awakening.—Bell & Howell bulletin to a salesman.)

A rare inside view of one of the largest big-name correspondence schools in the country reveals it to be a fast-buck operation with little regard for its students.

A former regional manager of the nation's second largest seller of home-study education—Bell & Howell—claims the school bullies its sales force and gives its students short shrift, with the "annual revenue figure the only thing that counts."

For several months in 1973, Wallace C. Ralston was responsible for overseeing a network of 15 salesmen in New York and New Jersey and was intimately familiar with the New England district, which brings in "a minimum of $4.3 million a year"—making it one of the top sales areas in the firm.

Ralston rose to the managerial level with Bell & Howell despite a tainted background that the company apparently knew about when it put him at the helm of one of its sales regions.

About three years before he was hired, Ralston was arrested in Saigon carrying the seafaring papers of a dead man. Federal agents were waiting in San Francisco to interrogate him about a stolen stock scheme that involved some underworld figures.

Once a well-to-do insurance executive, Ralston returned home a penniless soldier of fortune.

Ralston eventually turned state's evidence and received suspended sentences for charges of receiving stolen goods. He had been "duped" by the pros, according to himself and the prosecution.

He tried to get back into the job market in 1971. It was not easy. "I tried everything to get work. The only industry open was home study. I hated selling, but I had no choice."

He started as a salesman for the Famous Artist Schools, but within two years held executive positions with the International Correspondence Schools of Bell & Howell.

Ralston was appointed regional manager for Bell & Howell in 1973—about one week after pleading guilty in Suffolk County for his part in the stock case. A company executive confirmed Bell & Howell "cleared" Ralston for employment after his background was checked.

Ralston said Bell & Howell is one of the "big three" in the industry with course sales of at least $63 million a year.

Ralston's experiences offer an incisive view of how a big name in the correspondence industry operates.

"The major schools all use a fairly standard sales approach that boils down to this: the prospect is put in a position where he has to convince the school he's qualified and then perhaps he'll be recommended for acceptance. It's a farce. Just about everyone who's willing to buy can qualify," he said.

"Bell & Howell has the added dimension of having a well known name which it uses to the hilt. It tries to disassociate itself from being just another school and make you think it's like dealing with General Motors or something."

Bell & Howell's admitted "bestseller" is a $1595 course known as home entertainment electronics; Ralston calls it the "free TV gimmick" where salesmen seek out former servicemen who are willing to use their GI bill benefits to "buy" a 25-inch color television set that costs Bell & Howell less than $500. It retails for about $650.

Ralston claims the sales force is directed to look for prospects who are on what the trade terms the "mooch list—those veterans who will buy anything as long as the government is paying."

While the Veteran's Administration, by law, allows payment only for vocational courses that can lead to employment or job advancement, the requirement is flouted throughout the industry. One Bell & Howell executive admitted that a substantial number of veterans take the courses as a hobby or "up-dater."

The school's manual exhorts salesmen to develop their own lucrative veteran leads by checking draft boards for recently discharged men and purchase names "at a reasonable price" from local American Legion and Veteran of Foreign War posts.

Ralston's contention that the "free TV" sells the home entertainment electronics course was borne out in an interview with Bell & Howell salesman Joseph Sigwarth of Marshfield.

A Globe reporter, posing as a prospective student, described himself as a veteran who was definitely "not interested in becoming a repairman. I'd just like to get the color TV."

Sigwarth, who is also licensed to sell for one of Bell & Howell's competitors, responded: "I understand."

Q. I don't want to use it for anything. I just want the TV.

A. All right.

Q. You don't think I'll have any trouble with the VA on this? I mean I'm not training for anything.

A. That's no problem. There's lots of people that take training just for personal benefit.

The Bell & Howell name, the prospect's natural desire to appear assertive and the fear of rejection combine into a potent selling tool that earns some salesmen more than $50,000 a year.

The irony is that anyone willing to buy is nearly always accepted. Ralston said immigrants speaking broken English were enrolled in fairly sophisticated electronic courses. One of them, a Filipino living in Somerville, said: "I paid $200 and wanted my money back. I wrote a letter but instead school says I owe more . . . They took advantage of me because I am not from this country. I was in a hurry to learn so I try this."

The Bell & Howell manual states: "Almost invariably, the prospective students who contact us requesting information . . . can qualify for at least one of the programs." Indeed, the TV course, which accounted for eight out of every 10 sales in 1973, requires but an eighth-grade education.

In a signed statement, Ralston disputes the school's claim of excellence. Based on documents or discussions with sales executives, he claims:

Only 12 percent of those who enrolled in Bell & Howell courses actually graduated.

The school division is knowingly lax in licensing salesmen and frequently lets them sell courses during a trial period before paying fees to register them in states, like Massachusetts, that require licensing.

Salesmen are discouraged from having detailed knowledge of course content, but rather are briefed mainly in answering questions that resist a sale.

Some high-powered salesmen use a so-called "bird-dog" network in which persons in technical industries provide names of prospects and receive about $25 per enrollment. This appears to circumvent the licensing requirement in Massachusetts.

Ralston said pressure from the Chicago-based operation for increased productivity and blind acquiescence to company policy was unremitting.

At a meeting of regional managers last year, Ralston said, blank resignation forms were distributed to be signed at any point the manager disagreed with announced policy.

Another memorandum, from Stuart Cohen, vice president in charge of sales, ordered salesmen to work through last Labor Day weekend or be cashiered.

The salesmen were directed to sell 20 courses a month—with at least one third from self-developed leads. Failure, it was strongly implied, could result in dismissal.

Such tactics result in a staggering personnel turnover. Cohen admits that at least half of Bell & Howell's sales force change jobs each year, but contended "the rest of the industry has a 100 percent turnover every year."

Cohen, the man in charge of sales output, professed to have no knowledge of specific facts that vitally affect his volume. "That's for student services . . . That's a field question . . . Our accountant would know . . ." He denied all of Ralston's allegations and even claimed that Bell & Howell did not use the negative sell "because there is nothing negative about our product."

Cohen erroneously claimed the Federal Trade Commission (FTC) cleared the operation last year after Bell & Howell made some "minor adjustments." The FTC, according to Consumer Education Division Director Herbert Ressing, is still investigating the company.

While Cohen maintains Bell & Howell takes a highly sophisticated approach with its sales force, he frequently uses banal selling contests as production incentives.

Last May, he offered what amounted to normal traveling expenses for most salesmen as prizes.

"There are three treasure chests buried in your region," he wrote, referring to varying amounts of free gasoline, tires and auto insurance.

"Here's a modern day's buccaneer's bounty that you certainly should dig. . . . Swing your treasure-hunt to E (for enrollments) . . . Good hunting." It was signed Stu "Captain Kidd" Cohen.

George P. Doherty, president of Bell & Howell schools and corporate vice president, was asked for the specific date Cohen declined to provide. Doherty claimed a 45 percent completion rate and a 70 percent job placement rate. (He later said only half the graduates get jobs.)

Asked to document his assertions, Doherty said, "I don't know how to document that. I've never been asked to before. . . .

"But let me tell you a couple of things about home study. Most are already employed and they're not high school graduates. . . . The need for placement is not high. Most take the course for an update in the field. . . ."

Ralston has a radically different perspective on the industry. "It's a real whore business. The salesmen and executives move from one similar firm to another like nomads. The salesmen don't know or care about what they are selling and executives only talk about quotas. That's education?"

Ralston has now "burned his bridges" in a business he claims "sells education like vacuum cleaners to people who can't use it and can't afford it."

At 48, he's taking courses at a state college and hopes to become a social worker. "There's got to be something better than I've known," he said.

Take Your Time Before You Sign

Prospective vocational students can protect themselves from bitter experiences by taking a few precautions in selecting a school. Here are some guidelines to follow:

Consider public vocational schools in your field. You can get names from the state Education Department.

Shop around for a school. Don't sign up with the first school salesman who comes to your door.

Be wary of salesmen who are paid by commission. Some will say anything to get you to enroll.

Beware of these sales tricks: binding contracts disguised as "enrollment applications," rosy pictures of employment opportunities and pressure to convince the school "you are good enough for us to accept."

Demand written and signed evidence of completion and placement figures from any school you are seriously interested in. Keep a signed copy—it could help you prove misrepresentation, if need be.

Visit the school, sit in class, talk to your future teacher, and some current students.

Demand names and phone numbers of some recent graduates in your field and some dropouts, and call a few of them for their opinions of the school.

Look in the Yellow Pages for names of employers in your field and call a few for their opinions of the school.

Don't be persuaded by the fact that a school has a "placement service." You may find later that means nothing.

Don't be persuaded by the fact a school is "accredited" or "licensed." This often means little.

File any serious complaint about a school with the attorney general's Consumer Protection Division; licensing officials at the State Education Department or (for driving schools) the Registry of Motor Vehicles; the regional office of the Federal Trade Commission; the Better Business Bureau; and any professional group in the field of your school. Prod them to act.

The Things They Say To Make a Buck . . .

The Globe Spotlight Team interviewed more than 100 school salesmen or executives during its four-month probe of vocational education.

Their sales chatter is replete with the nonsequiturs and inanities of anxious men determined to sell you something or defend themselves, even if it means resorting to doubletalk.

In the interviews that follow, the executives were questioned by The Globe and the salesmen were talking to reporters posing as prospective students.

Douglass Springmann, former director of Career Academy in Boston:

Asked about misrepresentation by his sales force, Springmann said, "I'm not the person to talk to on this."

Globe. Who is?

A. William Taylor.

Q. Well, when can we talk to him?

A. You can't. He's no longer with us.

Thomas Fortier, salesman for New England School of Investigation:

"Here's quite a story. Take this name down. Heriberto M. of Dorchester. Now he doesn't have the best background by any stretch of the imagination. He barely speaks English. He had everything wrong going for him, but we got him a job with a detective agency."

(Heriberto, however, turned the job down.)

Robert Burns, Salesman at Career Academy:

Burns. How did you do at school?

A. OK.

Q. Could you have done better?

A. Yes.

Q. Why didn't you? Were you immature? Are you sorry now?

A. Yes.

Q. Are you really sorry? Are you sorry you stopped your education when you did?

A. I think that's established.

Edward Calamese, salesman for ITT Tech's medical assistance course:

"You work as a nurse in the wards. You do all the things a nurse would do at a hospital."

Reporter. I could give shots?

A. Right, sure, yep. This is true. We have rubber arms for that, but you can take blood from each other.

(Medical assistants are prohibited by law from performing such duties at Massachusetts hospitals.)

Vito Augusta, former salesman, Andover Transportation Training Center:

Reporter. Can I put down less than $200?

A. No. You got to put the $200 down.

Q. I can't. I don't have enough.

A. First of all, can you give me $100 tonight?

Q. Can I give you $50?

A. Sure.

Arlan Greenberg, New England Tractor-Trailer owner, who claimed his salesmen are on salary and commission.

Globe. How much is the commission?

A. $100 a student.

Q. How much is the salary?

A. $40 a student . . .

Globe. You've been caught speeding a number of times. Can you tell me about that?

A. Oh, that's for sure, and I'll get caught a lot more too . . . My man, I travel better than 60,000 miles a year and I musta got caught a million times. In fact, if there's a radar trap I just pull into it. Ha, Ha . . . I haven't got caught this year, knock on wood.

George Zack, salesman for ITT Tech, Boston:

"Now the president of the National Assn. of Trade and Technical Schools (NATTS) is a man named Charles Feistkorn. He also happens to be director of our school, so you can bet your bippy that everything is right down the line (at ITT) . . . I'm an honorable man. I'm a man of integrity. You couldn't have more integrity than have your school director be president of NATTS, which is in Washington, D.C."

(Feistkorn has never been president of NATTS. He is one of 13 directors of the association.)

Attorney General's Office Uses Band-Aid Approach to Abuses

The attorney general's Consumer Protection Division has taken a Band-aid approach to abuses by private vocational schools in Massachusetts when they appear to need radical surgery.

The division is content to get back some money for some fleeced students rather than attack the systemic problems of sales deception and misrepresentation of course quality.

It has taken court action against schools just three times in five years, with two suits filed only after learning of the Globe Spotlight Team investigation of proprietary schools in the state.

In short, the Consumer Protection Division has taken the easy way out while students are routinely being victimized by rapacious salesmen and poor training.

Arnold Epstein, a former state representative and political appointee to the consumer division, is the one man in state government most able to take remedial action. Yet he is passive and apparently unaware of rampant abuses in the field.

In fact, he even tried to dissuade a Globe reporter from doing a story on career training schools, claiming that "basically, we've pretty much cleaned up the industry."

His assertion must be taken on blind faith because Atty. Gen. Robert H. Quinn has personally intervened to close the division's complaint files to The Globe. One of the reasons cited was the schools' right of privacy.

Quinn's action—which flies in the fact of a public record law that will go into effect in July and which Quinn emphatically supported—overruled the Consumer Protection Division director, who initially promised full access to the files. Closing of the complaint files means there is no way to monitor the agency's activities and to pinpoint the most troublesome schools.

Earlier, Consumer Division Director Herbert Goodwin told The Globe: "You can see as much as you want. We don't want to hide anything from you. In fact, I think what you're doing is one good way of finding out which schools are screwing their students and which are not."

Goodwin's openness was shortlived.

First Asst. Atty. Gen. Paul Good, miffed at the very thought of outside monitoring of the division's performance, was asked how it could be determined whether the public was being properly protected.

"We'll tell you," he said. "That's how. You don't need the names (of schools and complaining students) to get that. We'll tell you."

Under a law that goes into effect this July, it appears clear that the current view of the Legislature—and one that had the effusive support of Quinn himself—would make most of the records at issue open for public inspection.

In 1973 Quinn, in opposing restrictive amendments to a broadening of public disclosure laws, said, "The Department of the Attorney General is fully in accord with the . . . liberalization of access to records maintained by the commonwealth . . ."

Quinn was "hopeful" the new law "would overcome the reluctance of the Supreme Judicial Court (SJC), as expressed in the past opinions, to fully effectuate the purposes of public record statutes."

Ironically, Quinn's first assistant relied on past SJC interpretations of the existing public record laws as one of the reasons for banning review of the files.

Quinn's penchant for caution and secrecy in some consumer areas rankles the president of the Eastern Massachusetts Better Business Bureau.

Leonard L. Sanders has personally requested Quinn to notify the bureau of any cease-and-desist order filed by his office against schools and other firms "so we can inform the public about deceptive practices of named companies."

Quinn has never complied with the request.

"The consumer protection law is the one way the public has to find out what firms are using unfair and deceptive practices, but unless it gets the information it will remain in the dark," Sanders said.

"For some reason—poor performance of the law or just fear of exposing the firms—Quinn doesn't want us informing the public."

While the Consumer Division admittedly may have "bigger fish to fry" than unscrupulous vocational schools, it has given scant attention and manpower to a festering problem.

Epstein is the only investigator who deals with the schools regularly, and he estimates the schools account for less than 10 percent of his time—not even an hour a day.

Epstein, who was appointed to the job because of his unflagging loyalty to Quinn when Quinn was Speaker of the House, was originally hired through an "0-3" temporary employee contract that circumvents Civil Service requirements. He got the job five months after being defeated for re-election from his Brighton district in 1968.

He is now a permanent state employee making $12.740 a year.

Epstein, a registered pharmacist, also owns two drug stores in the Brighton area, which he visits frequently during working hours. He claims he just stops for "five to 10 minutes in the mornings. . . . As a general rule, I don't work at my stores during normal business hours."

One weekday, in midafternoon, The Globe paid him a surprise visit at his Melvin Pharmacy on Commonwealth avenue.

Epstein, who frequently cites lack of manpower in the Consumer Division as a major enforcement problem, was immediately asked if he was taking a day off.

"No, no," he said after a short pause. "One of my fellows is out sick and I'm here on a vacation day."

According to a former member of Quinn's staff, Epstein was absent frequently from a job that almost never required him to leave the office. "Arnie's a good guy and means well," the source said, "but if he was there the equivalent of two full days a week, it was definitely an exceptional week. He came in late, left early—when he came in."

During the interview with The Globe at his drug store, Epstein suddenly spotted a photographer taking his picture and ducked down beside his cash register, hiding from view. Still crouching, he said, "You check. I'm down (at the attorney general's office) for a vacation day. You check."

A copy of his work sheet has no notation listed on the date in question—Dec. 10. It does show, however, that Epstein took five weeks of vacation a little more than a year after he went on the permanent payroll.

It was also revealed that two weekdays Epstein admits he spent working in his store were not reported as days off to the Consumer Protection Division. He said they were compensation time for having worked on two unspecified "skeleton force" days at the State House.

Epstein argues that he is doing a "good job" as an investigator and is comfortable with working out settlements with schools on students refunds and doing little more—even though he admits there are other more serious abuses.

He said schools prefer to deal with the consumer protection division rather than to go to court in a dispute with a student because "they'd rather pay back some money than get the bad publicity of going into open court."

Epstein has an especially good working relationship with a tractor-trailer school that requires a nonrefundable $200 deposit from students.

"Now I don't want you to go slamming that school," he told The Globe. "It might disrupt the relation I have with it. It might mean I won't be able to get kids back their money."

He was unaware that the nonrefundable contract, signed in the student's home, apparently violates state law and that the school may be committing a crime by using it.

[From the Boston Globe, Mar. 31, 1974]

A STAMP AND SOME MONEY GET ANYONE INTO DREAMERS' SCHOOLS

The advertisements are found in girlie magazines, comic books, matchbooks, veterans' periodicals and "take one" displays at gasoline stations and liquor stores.

A postage stamp, a few lessons and you're out of your drab dead-end job. You're writing situation comedy scripts at $5000 each; and author of children's literature; building your own house; repairing jet engines; and assembling everything from a color television to an ottoman.

Everyone qualifies. All you have to do is "stop dreaming, become a doer, and send in your money."

Later, much later, it comes down to hard work and talent.

Then you are alone again, on your own again, probably in debt and still looking for the "well-paying" job.

If you fail—and most do because the vast majority never finish correspondence courses—the school writes you off as a slacker, a person who obviously didn't want to "better yourself" enough.

How many finish and get jobs? Salesmen guess that it's "just about everybody who wants one," and school officials tell you it's none of your business.

Are the schools selective? As one Massachusetts investigator put it: "If you're warm, they'll take you

Here's what Globe reporters encountered as students in some of the more-off-beat courses:

HOLLYWOOD SCHOOL OF COMEDY, WRITING, CALIFORNIA

School director Ray Worsley had a solution for a Globe reporter posing as a student who was having trouble with his lessons on how to be funny.

". . . OK, I can send you the next lesson if you just send $10 . . . Send the 10 bucks, OK? Swell."

Previously, Worsley had reprimanded the student for not being "more serious about the study of comedy."

Reached at the Hollywood School of Comedy Writing, located at his home in Sepulveda, Calif., Worsley elaborated. "Comedy is a serious thing, even though the idea is to make jokes . . . You seemed to be poking fun."

Q. There was a section on satire and I picked the field of correspondence education. Where's your sense of humor?

A. It's funny . . . But why don't you resubmit the jokes in a more serious vein . . .

The story of Worsley's school should be a chapter in one of its textbooks, which constitute the bulk of the course and sell for a "tuition" of $390.

The real-life script of the school's history goes like this:

The founder, a former stand-up night club comic, borrowed money in 1964 from the owner of a clothing store to help start up the school.

When he didn't pay off the loan after five years, he gave the school to the clothing store owner to cancel the debt.

The founder's ex-wife then became the school's registrar and the clothing store proprietor became the assistant director and owner.

The founder kept the title of director but has nothing to do with the school anymore.

He does, however, remain the star of the school's promotional and enrollment package along with some of his celebrity friends in show business.

The new owner's only comedy-writing experience is composing "funny little ads" for his clothing store.

Unlike other school operators, Worsley made no pretense about being highly selective. "We admit you if you can fill out the application right," he told the reporter.

After setting the course completion rate at 20 percent, he referred questions about job success to Ronald Carver, the founder and author of the textbooks.

Carver, who describes himself as "consultant director," would have none of it. He named three graduates now in show business—the same names that appear in the school's brochure—but refused to discuss it further "because I think this thing is going to be one of those exposes."

Asked for a completion rate, he said, "That's a percentage that's really our business . . . You're asking for something that is really part of whether we can continue in business . . . It's like going to General Motors and asking them about defects or something. I mean, come on."

Carver, who writes television comedy and teaches a course at UCLA, describes his function at Worsley's school as "answering questions about the course . . . After 10 years, it runs pretty much by itself. All the questions have been answered."

PEACE OFFICER TRAINING SERVICE, CALIFORNIA

The application tells the story.

The Peace Office Training Service of Oakland promptly accepted as a student a Globe reporter whose physical self-portrait cast him as a virtually blind, dwarfish diabetic, shaped like a bowling ball.

The reporter, double checking to make sure there was no mistake, was told there were no problems.

The only section of the application left blank concerned a question on whether the student had ever been convicted of a crime.

Although all police agencies have rigid physical requirements for acceptance, the reporter was quickly informed of the good news—he had been approved for the $835.77 course geared to appeal to recently discharged servicemen.

"Congratulations," the school wrote, "our qualification department has processed your application and are (sic) forwarding your first set of lessons."

Shortly thereafter, a school official, who assumed the title of "VA liaison" specialist, called about the unanswered question on the application.

Q. There's something on your enrollment card that was not answered. Were you ever convicted of a felony?

A. I didn't answer it because I thought it might disqualify me. I've been convicted of failing to obey a police officer.

The response: "No, that wouldn't matter. Mild resistance is what it sounds like. It looks like you are qualified. Let's see, you've had diabetes since you were young, are you on insulin? . . ."

The first lesson arrived with a "certification of understanding"—a veiled disclaimer that, in effect, meant the school promised nothing and accepted no responsibility for job placement.

What the "VA liaison" had termed the "largest police officer school in the world" came as news to its chairman of the board, Joseph Lindsay, who did not even know how many students were enrolled.

"I couldn't really tell you off hand," Lindsay said. "Maybe you're not talking to the right person. I don't have a hell of a lot of knowledge about specific problems."

CHILDREN'S LITERATURE INSTITUTE, CONNECTICUT

The ad for the Children's Literature Institute of Redding Ridge, Conn., could not have been clearer: its aptitude test is "carefully designed to uncover . . . natural writing ability . . . If we feel you do not have writing talent, we'll tell you so—right on the line."

The Globe's entry was written to test "the test" and included this answer on how to cook an egg: "Grab the egg with both hands. Put it in a pot of boiling water. Pull it out when it's done. If it's not done put in the oven. Baste occasional if it needs it."

The reporter's test answers, replete with egregious errors of grammar, spelling and common sense, were accepted with high praise by the school's "dean of admissions."

The test required a writing sample and The Globe submitted a nonsensical 210-word essay that had an error in nearly every sentence. The school titled it "Walk in the Woods," and the dean said he was "especially impressed" by the essay.

"In short," the dean wrote, "you are the kind of student we are looking for. You should be proud of your test result. Our standards are high."

The school later admitted the accolades are sent out in a standard form letter, with only five percent being rejected—also by form letter.

The test answers were a deliberate, top-to-bottom mess. They listed Hemingway as the applicant's favorite juvenile author and "Moby Dick" as the favorite adult author. One entire section of the five-part exam was left blank. Another depicted a "typical four-year-old who enjoyed reading French; a sadistic 14-year-old girl who liked watching people "scratch and hop around" from flea bites and a seven-year-old boy with the vocabulary of a college student.

In a fill-in-the-blank section, the reporter had "Johnny gazing across the (dusty) waters of the lake . . ." while in the background "he could hear his mother (barking) in the kitchen of the (gingerbread) house."

The $300 course promised that after scrupulous screening the student who completes his lessons "will have a finished manuscript ready to send to a publisher."

Dean Robert Schneider was asked to personally review the test for a student surprised that he showed such promise. Schneider hedged a little, terming the ludicrous essay "a bit naive," but remained unshakable in his assessment that the prospect had talent and could "absolutely" become a published author.

Nearly everything the dean said was contradicted by the school's president, Douglas Chouteau, a former publishing house sales manager who has never written a child's book, or any other. "I'm rather illiterate when it comes to writing," he told The Globe.

He admitted using deceptive advertising; was unaware the school violates regulations of an accrediting body it belongs to; and conceded the aptitude test is virtually worthless, even though it is the chief screening device for measuring student potential.

While the dean found the essay "naive," the teacher tentatively assigned to the Globe student, Mrs. Elizabeth Lansing, was horrified that it was approved: "I thank God I never saw that before. Jesus . . . I would have thought it was written by a child of ten."

Despite the school's hyped-up ads about turning out "qualified writers with a future," Mrs. Lansing, a teacher there since 1972, has found the course fulfills a psychological need of its students rather than a practical purpose.

"Most of it releases creative energy," she said. "Quite often they have a message they're trying to get out, and it does satisfy something within them."

Q. The school's biographical sketch of you says you work there because "the course is outstanding." Is that true?

A. Sure. It's outstanding because I guess it's the only one. So there you are. Can't catch me on that one.

COMMERCIAL TRADES INSTITUTE, CHICAGO

Bold black letters in the brochure tell you that you can do it yourself; You Can Build Your Own House.

The course conjures up a picture of mailmen across the country staggering along city blocks and pastoral lanes, buckling under a load of bricks and two-by-fours.

Well, not quite. But let Bruce Troob, a salesman for Commercial Trades Institute (CTI) explain how it works. "The course enables you to become a contractual estimator." In short, you receive a batch of blueprints and the course tells what kind of subcontractors you need to do the work.

Although the construction industry is in a sharp decline, Bruce is very high on the $495 course—even plans to take it himself. "I want to build a house—that's the reason I'm getting the course. I'll have my choice of house, colonial or cape or whatever. . . . The course will save me $3000, $4000, $5000, just because I'll be hiring guys to build various parts of my house."

Ironically, the head of CTI, Kenneth Lotsoff, has his doubts about being able to handle construction of his own house, even though the school's brochure says knowledge of simple arithmetic is enough and many graduates "have only elementary-level education."

Q. Do you really think someone who was not in the industry could learn from a mailorder course how to build his own house?

A. Gee, I'm really not equipped to answer that question . . . I myself can't turn the key in an ignition. I really would not know what I was doing when it comes to something like that.

(Lotsoff is president of CTI, a subsidiary of Montgomery Ward, which offers several types of correspondence courses.)

Like his counterparts in the industry, salesman Troob refused to say precisely how many finish the course and get a job, retreating to the safety of a nebulous never-never land of obfuscation.

As usual, a dropout has only himself to blame. "If one of our guys enrolls a guy that takes six lessons and quits, then I'll find out why. Maybe the guys enrolled are not really interested in bettering themselves."

Pressed on the school's claim that "you can build your own house," Troob said: "Yeah, you're building it. It's not going to make you an electrician or a plumber. It's like a doctor doesn't make his equipment, but he knows how to use it. You'll take bids on each part of your house and you'll know exactly what kinds of questions to ask . . . There's nowhere else you can go for that kind of knowledge. The courses just aren't around."

BUREAU OF CARTOONING, COLORADO

The stick characters blurting banalities drawn in minutes by a Globe reporter, were christened Hippie the Hippo and Berty the Bird for no particular reason and shipped off to the Bureau of Cartooning school in Colorado for appraisal.

Only the reporter was confident he would be "accepted" by the school, even though he knew left-handed scrawling by Globe cartoonist Paul Szep had already been discarded as "too good." His colleagues did not share his optimism.

But the reporter was positively cocky, coyly implying he knew something no one else did. He even began to muse about national syndication.

Finally he revealed that along with his test, he had also enclosed a down-payment check.

After his acceptance into the $400 course (a more expensive one is available to veterans with GI benefits), he reluctantly gave up the school's overpriced 13-by-19-inch drawing board, T-square and two triangles and interviewed the head of the school, E. R. Powell.

The director was told that the best a fulltime cartoonist for a local daily would say of the work was that it was "putrid."

Undeterred, Powell laughed it off and said, "I'd tell you not to listen to him so much because he doesn't sound like a friend to me. . . Stop straddling the fence and get to work on those cartoons right away."

Powell rated Hippie the Hippo's quality "right in the middle" of the school's current class caliber and reaffirmed that the student was on his way to a career as a professional.

"I think you can do it," he said. "Otherwise, we would not have accepted you. We have graduates making $15,000 to $25,000 a year who were showing less talent than you have shown me when they started."

Earlier, Powell had stressed the opportunities in newspaper cartooning work—probably the tightest job market in the country, with only a handful of persons making a good living at it.

"When you finish," he said, "you can walk into any newspaper in the Boston area and fill out an application form to get the job."

Q. Couldn't I do that now without spending all the money on this course?

A. That's right, but wouldn't you like to have the calling card of the Bureau of Cartooning? That's going to open up a few doors.

Right, E.R. All exits.

FAMOUS WRITERS SCHOOL, CONNECTICUT

In 1970, a free-lance writer named Jessica Mitford was received warmly by the late Bennett Cerf in his "wonderfully posh office" at Random House's headquarters in New York City.

Cerf talked about his role as one of the more prominent literary members of the "guiding faculty" for the Famous Writers School.

By the end of the interview, he had just about put the school out of business single-handedly.

Ms. Mitford did some famous writing for The Atlantic Monthly magazine in which Cerf confided to the self-described "governessy" journalist that he knew "nothing about the business and selling end and I care less. I've nothing to do with how the school is run."

But the Connecticut-based school used his name and others to sell its courses.

Asked how many books of Famous Writers' students Random House had published, Cerf said in the 1970 interview, "Oh, come on, you must be pulling my leg—no person of any sophistication, whose book we'd publish, would have to take a mail-order course to learn how to write."

Ms. Mitford charged the school had a "staggering dropout rate" due to "rapacious salesmen who sign up semi-illiterates and other incompetents."

The article had a devastating effect on the operation, which ultimately went into bankruptcy.

But Famous Writers School is back, and sales manager Bruce Toy was in Massachusetts recently recruiting commissioned salesmen ($125 maximum, monthly quota of at least 10 sales).

Since Massachusetts law does not provide for regulation of out-of-state correspondence schools, the revived operation is free to sell here as soon as its salesmen receive perfunctory licensing by the state Education Department.

In fact, some apparently don't even bother to do that. One salesman, who identified himself as Roger Daunais, 29, of Connecticut, arrived uninvited and unlicensed at a Globe reporter's home in February. He left shaking after being informed he may have broken a criminal law.

So, the same school is back using the same courses with the same "guiding faculty"—even though two of them—Bennet Cerf and John D. Ratcliff—are deceased.

Another Globe reporter discussed a job opening with Toy in late November after Toy had just signed up an Attleboro man. The sales manager explained the firm had a new president with a "financial background" and had formed a new board of directors.

Q. I was a little put off on the company after the Atlantic article.

A. Don't worry. That only had a small circulation. The public didn't know much about that.

UNIVERSAL TRAINING SERVICES, FLORIDA

A special paper ribbon is placed across the toilet seat for the purpose of:

(A) advertising; (B) giving the maid her instructions; (C) assuring the guest of cleanliness; (D) holding the seat up while cleaning.—from lesson nine, Universal Motel Schools of Florida.

The $795 course in motel training, one of six offered nationwide by Universal, also includes some resident instruction, but you have to pay your own way and then $14 a day to work free in a motel in Florida or Las Vegas. Food is also extra.

Charles Calareso, a Universal salesman with an expired license, sold a Globe reporter the course. It took two letters and six telephone calls to get a refund after canceling a contract that appears to violate Massachusetts law.

Calareso has a motto he carries on a card. He read it to the reporter: "I fully realize you believe you understand what you think I said, but I am not sure you realize what you heard is not what I meant."

UNITED STATES GIVES MILLIONS, REQUIRES LITTLE OF CAREER SCHOOLS

(NOTE.—This is the seventh in a series by the Globe Spotlight Team on the profit-making vocational education industry. Today's article examines the performance of the Federal regulators of the industry.)

The private vocational school business has mushroomed into a multibillion dollar industry, thanks largely to the government's massive financing on one hand and its lack of regulation on the other.

While taxpayers' money flows smoothly into many dubious profitmaking schools, Federal and Massachusetts regulatory agencies have proven to be chaotic failures in protecting frequently abused students.

The system is geared to the flawless dispersal to the schools of millions of dollars and nothing more. A four-month Globe Spotlight Team investigation has found that state and Federal governments are headless monsters that simply have no idea of what the public has been getting for its money and lack even a method of finding out.

Government officials responsible for policing the schools wait passively in remote, private offices for consumer inquiries that rarely reach them. They have a standard line: "Except for a few bad apples, everything is fine."

This was pointedly contradicted by one of the handful of experts on the subject of private vocation schools. "The officials just don't want to know what's going on in the industry, because if they did, they'd have to go on such a headhunting expedition to clean it out that few of the schools and fewer of the officials would be left standing," a financial consultant to a national network of the schools told The Globe.

An in-depth investigation by The Globe has found that a shocking number of vocational schools are operated primarily to make money, with the student's welfare a fleeting afterthought at best.

Poor performance by the official agencies responsible for protecting the public has allowed the situation to continue. The Globe investigation found:

The Veterans Administration and the US Office of Education, two agencies which have pumped more than a billion dollars into the schools in less than ten years, admit they have no control over what the student receives for the money.

The two steps—licensing and accreditation—that a school must take to open its doors for the glut of Federal programs are vastly overrated and provide virtually no protection for the public or the student.

In Massachusetts two harried officials rubber stamp licenses to operate with few of the intended safeguards fulfilled.

Nationally, accreditaiton of a school to qualify for the flood of Federal dollars is determined by industry-dominated associations that even their supporters admit are little more than self-serving, fraternal organizations.

Recent efforts to make the hulking bureaucracy more responsive to the student and public have been effectively opposed by the industry's two Washington lobbyists. Where congressional contacts failed, sheer official incompetence has nearly always stepped in to benefit the industry at the public's expense.

The agencies researched in The Globe Spotlight Team investigation were:

VETERANS' ADMINISTRATION

The title of the Federal report was to the point: "Most Veterans Not Completing Correspondence Courses: More Guidance Needed from the VA."

The little-noted findings of the General Accounting Office (GAO) report were explosive: three out of four veterans whose Federal benefits were paying for their correspondence course were dropping out of the course before completion; a staggering 94 percent of the veterans had not reached their objective of gaining employment from the course; and most astonishingly, a vast majority said that if the VA had provided them with counseling, they would have never taken the course.

The Spotlight Team's findings paralleled the GAO report. The VA, the third biggest spender in the United States government, is unable to determine how much money has gone to each individual correspondence or resident training school, and it has no central office to handle the growing number of complaints regarding the schools.

Inquiries into the VA by a Globe reporter were invariably met with either stony silence or a bureaucratic shuffle. Officials evaded pointed questions by either handing out a VA pamphlet or referring the reporter to another bureaucrat down the hall. A Boston VA official protested being interviewed by saying, "How did you find me? Who said you could call me?"

The implications of the GAO report were clear: veterans and servicemen have not been getting the education and training promised by the correspondence school industry. The $390 million the VA has given to the correspondence schools in veterans' benefits since 1967 has been virtually wasted.

The VA's first response was to check out the validity of the GAO's indicting report. A six-month study of the 1.3 million veterans and servicemen who had taken correspondence courses came to the same sad conclusion. However, the VA's findings were couched in neutral terms and never summarized for ready reference, The Globe found.

Despite the reports, the problem is growing. Last year alone, the VA spent $119.7 million on correspondence courses, almost twice as much as in 1971.

However, the VA's Washington headquarters, stunned by the critical findings on the correspondence school industry, followed two recommendations in the GAO report. It advised that the veteran be counseled personally on what he would be getting out of the mail course and also be told what were the course's graduation and job-placement rates—figures the schools had been unwilling to give out on their own—so that he knows his chances of success.

The stark figures, which had to be ferreted out of the VA by The Globe, have had, no impact on the money spent for the demonstrably inferior product. The information has never filtered down to the veteran who needs it most.

Last May, the two recommendations were included on the back of the new veteran's-benefit applications sent to the VA's regional offices throughout the country with the VA's watered-down bulletin on the perils of correspondence education.

As far as the Boston VA office was concerned, the recommendations could have been written in Sanskrit.

William F. Connors, Boston regional director, was unaware on first being contacted, of either the bulletin or the new recommendations. "I'm the director of all trades and the master of none," he said.

On locating the bulletin showing high course dropout rates a week later, Connors said he was wary about disclosing the figures to either veterans or The Globe; "We're cautioned by Washington about giving out the dropout information. Those figures could be misleading." Connors recommended contacting his head counselor to find out how Boston-area veterans seeking advice on correspondence education are "handled." It didn't take long.

"Correspondent students do not need personal counseling," Walter Dray, head counselor, said. "They just sign up and send in the forms. They request the benefits and they get it." Asked if he had seen the VA bulletin recommending veterans seek counseling before signing for such courses, Dray said, "What bulletin? We get an awful lot of bulletins around here."

The VA has paid more than a billion dollars in the last seven years to the resident career schools for educating nearly a million veterans so they could find jobs. But there were indications, as in the correspondence field, that the money was being squandered.

In a bulletin to all its state agents in charge of approving the schools to train veterans, the VA directed the institutions show "substantial placement" of its graduates in jobs before being cleared.

In Massachusetts, VA Approval Agent, James E. Burke said he "just never received the bulletin" and approved 130 schools without checking for substantial placement.

Veteran's complaints persisted and in May 1971, the VA sent state agents a second bulletin, again requiring information from the schools about jobs obtained. Burke got this bulletin and "immediately implemented it by requiring 50 percent placement."

Burke's records show, however, that he misrepresented the VA directive, completely nullifying its effect. Instead of requiring a school to show that half of its entire graduating class were placed in related jobs, Burke only asked the

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school to submit the names of half the graduates who had found jobs. This sometimes meant that the names of three placed graduates won approval for a school and, even then, the school's word was taken on faith.

U.S. OFFICE OF EDUCATION

The under-paid clerks in this Federal office were the first to notice the multimillion dollar problem. Most of the defaults on federally underwritten loans made to students to pay tuition were coming from the minority of students attending profit-making vocational schools.

But the problem, which has cost the Federal government more than $50 million in seven years, is baffling the upper-echelon executives in the Office of Education.

Like the VA, no one has an overview, and there is no handle on the big picture. The department does not even know which correspondence and resident vocational schools are responsible for the high rate of student loan defaults and they have no constructive program to deal with it.

"Right now we have a massive computer problem trying to sort out which defaults are coming from which schools," said David C. Bayer, until recently acting director of the Federal-Insured Student Loan Program (FISL). "That's our first order of business. After that I don't know where we'll go."

The FISL program, which has insured more than $6 billion in loans to help six million students attend public and private post-secondary schools, is imperiled by the defaults.

Although officials claim the default rate for the student loans is 5.7 percent, a Bank of America vice president told The Globe that judging from his bank's experience the figure is closer to 20 percent.

One thing is certain: 75 percent of the defaults in the Federal program are coming from the 30 percent of the students taking out the federally-insured loans to attend proprietary correspondence or vocational schools.

Globe reporters posing as prospective students found several correspondence and resident vocational schools using the insured loan program as a selling tool to solicit students.

All too often, the only recourse a student has, once he finds his training to be deficient and his promised job nonexistent, is to default on his loan. But the school is safe. It already has its money, and the defaulted loan is paid off by the Federal government.

The government then begins its chase of the delinquent student—another area where The Globe found taxpayers are taking a beating. During 1973, a year when the Federal government paid off more than $52 million in defaulted loans, the education regional offices throughout the country recovered less than $2.8 million.

Although officials see a distinct correlation between a school's high default rate and the inferior quality of its program, they are presently unwilling to cut funding to these types of schools.

The New York Higher Education Assistance Corp., a state agency that banned two profit-making schools from the insured-loan program several years ago because of a high number of defaults, was sued and had to reinstate the schools. The situation still rankles the agency's officials.

Also nettled by the default problem is the Massachusetts agency which operates the program. Helge Hoist, president of the Massachusetts Higher Education Assistance Corp. (MHEAC), said: "The less said about defaults the better. The more publicity we get the more defaults we get."

A novel but effective approach to the default problem has been used by the privately-sponsored United Student Aid Fund in New York. Alarmed by the high number of defaults being logged by profit-making schools, the Student Aid Fund last April decided to make these schools financially responsible for their defaults. Any profit-making school with a default rate above five percent was asked to sign a contract making the school itself and not the fund liable for the defaults.

"This way we make the proprietary school responsible for his students," Robert C. Sinnaeve, vice president of the Fund said. "If the school is just giving out the loans to get bodies in their classes, then it'll show in their defaults."

The steps have worked, but curiously, the Office of Education is quick to debunk the approach for the Federal program. "Congress would never accept our cutting the program," acting director Bayer said. He may be wrong.

Congress has become increasingly alarmed over the rising number of defaults. "We want to know what schools are responsible for these defaults and what the Office of Education plans to do about it," said Harley Dirks, staff director of the Senate Education Appropriation Committee. "We're not playing games down here; we mean business."

The Federal education officer in charge of accrediting agencies, initially told The Globe the government cannot remove a school from participation in the insured-loan program. John R. Proffitt said current law was too vague to give the US education commissioner this power.

However, Atty. Harold Jenkins of the office of general counsel of the US Department of Health, Education and Welfare told The Globe that according to a law passed two years ago, the education commissioner has the power "to remove a school from the approved list."

Proffitt subsequently agreed: "I guess no one has really been ready to bite the bullet against these schools. Maybe now we are."

ACCREDITING ASSOCIATIONS

The three associations that dominate the proprietary school industry are well represented in Washington. Their two spokesmen, Bernard J. Ehrlich for the trade and correspondence schools and Richard Fulton for the business schools, have friends in the right places in both Congress and the executive departments, and their activities have kept their associations in power despite growing complaints.

Ehrlich, a strong voice for the profit-making schools for more than 20 years, calls President Nixon his friend and every year like clockwork a presidential message is read at the correspondence schools' conference.

Although Fulton is newer to the business, having been hired as executive director for the business schools after Ehrlich resigned the position, he is also well connected in Washington.

A former aide to the late Louisiana Sen. Allen J. Ellender, Fulton used his connections to have removed from a 1972 Federal bill a provision which would have stripped from the three associations the sole power to accredit proprietary schools and allow states to share the responsibility.

Fulton agrees he had a hand in having the proposal changed, but said his role was limited to responding to a request for his opinion from the US Office of Education's accreditation division.

The head of that division, John R. Proffitt, however, disagrees with Fulton: "It was obviously a self-serving thing for him (Fulton) to do . . . That change was made without consulting us," Proffitt said.

In an interview, Proffitt called both Ehrlich and Fulton "effective lobbyists. They lobby Congress by the usual means, cultivating key people, watching over legislation that concerns them."

However, neither Ehrlich or Fulton are registered with either branch of Congress as lobbyists. Both men hedged when asked if their Washington activities for the association included lobbying. "I've done some; well, I don't know how you would define a lobbyist," Ehrlich said. Fulton meanwhile said, "All I can say is when I'm invited to give an opinion or testify, I will respond and I have done so in the past. There's a great difference between that and aggressively going forward."

The associations which the two men represent have an iron-grip on the proprietary school industry. Accreditation is the lifeline of a profitmaking school. If the school is not accredited by one of the three associations, it cannot participate in the wealth of Federal programs which have reaped profits in the past for the schools.

The performance of the associations was found by The Globe to be deficient in their two major functions: the investigation of a school seeking accreditation and the subsequent policing of schools which have received accreditation.

The linchpin of the original investigation is an evaluation of the school filled out and submitted by the school owner himself. A check on the evaluation report is made by an accrediting team whose members are cleared by the school itself before they enter its doors.

The Spotlight Team found numerous accredited correspondence and trade schools apparently violating the associations' standards regarding truthful and fair advertising, selection of salesmen with utmost care, adequate testing and counseling of students, fair and equitable refund policies and acceptance of only properly qualified students.

Proffitt, who decided for the Federal government which association is recognized to accredit the schools in its field, is taking a hard look at the performance of the three associations. "They're the best we got, because they're all we got," he said. At the least, he said, the associations should be stripped of one of their two major functions, the policing of their member schools, a job which even Atty. Ehrlich says is not being done.

Proffitt also says the associations should require all schools to make public their dropout and job placement rates and asked both NATTS and National Home Study Council to provide The Globe the rates "in the public interest." The industry vehemently clashed with him on this consumer-oriented issue and put off Proffitt's request. William A. Goddard, executive director of NATTS says the figures should not be released because "truth can be misleading."

FEDERAL TRADE COMMISSION

The only national effort to protect and inform the public about unscrupulous practices by private vocational schools is being made by the Federal Trade Commission (FTC). The $80,000 FTC program which also includes detailed investigation of the operations of 400 of the 10,000 profit-making schools in the nation, was found by The Globe to be an over-promoted sham.

This is not the first time the FTC has launched a clean-up effort against vocational schools. In 1972, it said it intended to sue three major computer schools under the Federal Trade Commission Act for deceptive and unfair advertising and sales practices. The news gained national attention, but now, almost two years later, the cases are still being "negotiated," no suits have been filed and at least one of the schools, Electronic Computer Programming Institute, is still engaged in the allegedly deceptive acts.

But the FTC claims this is an all-out effort. As one spokesman told The Globe: "We feel only a small number of the schools actually have successful graduates."

The FTC began its program last summer with a debilitating compromise. A public brochure severely critical of the industry and its accrediting associations was replaced with a watered-down version after concerted industry opposition.

The brochure—93,000 copies of which had to be scrapped at the taxpayers' expense—warned prospective students of schools that promote their memberships in associations such as "NATTS, ACOS, NHSC, CAC, TOPPS." This struck a raw nerve and industry pressure caused the caveat to be dropped from the second brochure.

The brochure ended with a recommendation to the public to contact the FTC in Washington or its regional offices if it wanted further information. The Spotlight Team took them up on this and asked to see complaints concerning various vocational schools.

Martin Dolan, assistant director of the FTC Boston office said The Globe could not see complaints nor would he divulge if a school was under investigation. A lawyer for The Globe formally petitioned the FTC board in Washington in December for the complaints.

Without making a formal determination on The Globe's original request for records it had on 14 schools, the agency, after months of delay, finally provided some documents from a 20-year-old case against one school. A lawyer for the FTC said it would go to court to keep industry-supplied data out of the public's hands.

The FTC in the meantime has made another public pronouncement. Printed in newspapers throughout the country, the FTC statement last month promised the public greater access to its proceedings and the "wealth of information" it collects on advertising, business practices and frauds.

SCHOOL ABUSES UNCHECKED BY BAY STATE REGULATORS

The profit-making vocational school industry has gone virtually unregulated and the public left unprotected in Massachusetts because of the desultory performance of two state Education Department officials.

Schools are operating without required state licenses; salesmen are roaming house to house without proper credentials; advertisements are being shown on television and in newspapers without being cleared for deception and teachers are instructing without being registered with the state.

These apparent violations of state laws were uncovered by the Globe Spotlight Team in its investigation of proprietary (or profit-making) schools, which included evaluating the roles of state Education Department supervisors Joseph J. DeRosa and Donald A. Carbone.

These two men are responsible for the licensing of Massachusetts' 86 private trade and business schools and 13 correspondence schools and supervising the school's salesmen.

Overwhelmed by paper work, the two officials have been forced to be content with issuing the licenses without ensuring the quality of the schools' education and the honesty of their salesmen.

The interests of the students have been placed, as Carbone candidly admits, "on the low ebb . . . Our public is the school owner."

But Massachusetts is not the only state with poor licensing of the schools. John Proffitt, head of the Federal Accreditation Division in the U.S. Office of Education, said that three out of every four states have either no or inadequate licensing procedures. "This is a major reason for the low quality of schools in operation today," Proffitt said.

Massachusetts, Proffitt estimated, should have between 12 and 20 persons responsible for the licensing of the private vocational schools in the state. Carbone agrees. He says proper implementation of the 1972 Massachusetts law requiring annual licensing of business schools would require as many as 12 more inspectors.

The 1972 Massachusetts law also required the licensing of all salesmen who sell business school courses in the homes of prospective students. A check in December showed that only four salesmen from one school in New Bedford had been approved in the law's 18-month existence.

Although they had been in the homes of Spotlight Team members soliciting for business courses, salesmen for the Boston schools of Career Academy and the Electronic Computer Programming Institute had not been licensed.

While misrepresentation by business and correspondence school salesmen was found to be a systemic problem, no proprietary school salesman has ever had his license revoked in Massachusetts, according to DeRosa and Carbone.

Nor have the two state regulators ever revoked the license of a school, and they are unable to say on what grounds they could take such action.

"We're here to work with the schools, not zap them," Carbone said.

In contrast, the state of Ohio enacted a proprietary-school licensing law in 1972 which has resulted in 96 schools being closed down and about 25 salesmen losing their licenses for lying to students.

Frank N. Alvanese, the Ohio state official responsible for implementing the law, is a tough regulator who says: "The student's welfare is our primary concern. We insist these schools be both legal and ethical. If they're dragging their feet, we put them out of business," Alvanese said.

Months ago, Carbone recommended to his Education Department superiors that two Boston Schools—Fashion Signatures and Juliet Gibson—be denied licenses to operate. However, his recommendation was caught in bureaucratic red tape and the schools' doors remained open even though they were unlicensed.

"I've got to go through channels on these matters," Carbone said when asked why the schools had been allowed to remain open. "I can't step out of line or you know what'll happen." He proceeded to draw his finger in razor-like style across his throat.

Carbone was not always a passive state regulator. He says that on being hired in the spring of 1972, "I was out to get these schools in line or else. If they dragged their feet, I was ready to zing them."

His hard-nosed approach to the schools was changed by a committee of business school owners that was created to advise the Education Department on the 1972 licensing law. "They cooled me down," Carbone said. "They gave me professional charisma. I thought I had more power than I did, and they showed me my job was to deal with the problems of the schools."

The regulation in Massachusetts of the two other types of profit-making schools—correspondence and resident trade institutes—has been equally lax.

Joe DeRosa, the Education Department official responsible for these schools, said a lack of manpower has forced him to "take the school owner at his word."

DeRosa said he does not have time to monitor television and newspaper trade school ads to determine if they have been submitted to him before being used, as required by law. DeRosa said he was therefore not able to check the ads for possible deception. The Globe found many dubious ads have been run by the schools and not submitted to DeRosa.

DeRosa cites his "good working relationship" with ITT Tech of Boston, the state's largest private trade school. Yet, The Globe discovered that ITT conducted two highly questionable promotional campaigns last fall with phony telegrams that had not been submitted to DeRosa. When shown the telegrams by The Globe, DeRosa became visibly upset and called them "a cheap way to get students."

Although he says he receives hundreds of calls a week, many of them complaining about practices by the schools and salesmen he supervises, DeRosa requires all complaints to be sent to him in writing before he responds.

A group of ITT students who complained last year about being lied to by a school salesman and about inferior instruction at the institute were summarily dealt with by DeRosa. He never called an official investigation into their complaint; never questioned the salesman named; took as gospel the explanation of the ITT administrators and never even bothered to inform the students of his decision in favor of the school.

In his three years as state Trade School Supervisor, DeRosa has been content to operate in a vacuum. He has never referred a single complaint he has received for possible prosecution to the state attorney general or the Federal Trade Commission.

Moreover, he has never informed a complaining student that the first section of the state's trade school law allows a person who has been subjected to misrepresentation by a school or its salesmen to recover in court three times the amount of money he lost.

But bureaucratic bungling in the state Department of Education is not limited to DeRosa and Carbone. Much to the disadvantage of the public, it was found to go higher.

In October 1972, Anthony V. Cipriano, assistant director of the state Division of Occupational Education, asked the Education Department's Legal Office if the attorney general should be asked to rule on whether the new business school law would require the licensing of numerous dental and medical assistance schools in Massachusetts.

Several months later, in March 1973, Cipriano was informed that head counsel Joseph Robinson had determined the attorney general should not be asked to rule on the question. Cipriano took this to mean that the health assistance schools were not covered by the law, and to this day they operate without regulation in Massachusetts.

Atty. Robinson, however, now says he meant no such thing. "All I meant was that we were asking the attorney general too many damned things and I didn't want to bother him with another question. Cipriano should have come back and asked me personally if the new law covered the schools. Since he didn't, I never brought it up again." Atty. Robinson said.

While the health assistant schools remain unlicensed, the attorney general's proprietary school investigator Arnold Epstein, firmly feels the courses are covered by the licensing law.

Q. Why don't you tell the Education Department of your opinion?

EPSTEIN. Hey, that's not my job.

Mr. HERRELL. The Globe accused several proprietary vocational schools operating in the Boston area of a variety of abuses ranging from misleading advertising in violation of State laws.

Inasmuch as several of the schools named by the Globe are accredited by nationally recognized accrediting agencies, these abuses, if actually committed, would indicate serious violations of the agencies' accreditation standards.

Accordingly, staff corresponded with the accrediting agencies and requested that they submit to OE a report of their investigation of the matter.

Further, because several of the schools cited are eligible for Federal financial assistance programs administered by OE, the staff wrote to each eligible institution and requested that it provide OE with its response to the Globe allegations.

Presently, the Office of Education still is in the midst of an intensive review of the cases and issues revealed by the Globe articles. A report on this will be presented to the Commissioner's Advisory Committee sometime this fall.

Another timely series of articles regarding the trade-school industry was published recently in the Washington Post. Entitled, The

Knowledge Hustlers, these articles provide another perspective of what, hopefully, is a national effort to rid the Nation of fraud, exploitation, and deceit wherever practiced on Americans seeking to further their education.

The Post series gives greater visibility to important issues regarding which the Federal Government is working closely with State and private groups in an effort to fashion solutions.

Because of the vast sums of Federal money which ultimately flow through reliance upon the accrediting mechanism, however, the Office of Education has deemed it only prudent to establish, and gradually intensify, Federal oversight of the operations of those accrediting agencies recognized by the Commissioner.

One of the pressing questions right now is just how far this oversight can and should go in order to achieve realistic assurance that both the student's educational rights and the taxpayer's dollars are protected while, at the same time, avoiding unwarranted Federal intrusion into the educational process.

We are all aware of the fast-paced change taking place all around us, and education is logically in as much ferment as is the rest of society.

The basic philosophical framework for Federal reliance on the private mechanism of accreditation for eligibility purposes was developed initially for the 1952 Korean GI bill—22 years ago—and reinforced by adoption of the 1958 National Defense Education Act—16 years ago.

It was essentially retained during the midsixties when landmark legislation in support of higher education was enacted—approximately 10 years ago.

We should not be surprised to find, then, strains and bruises as we attempt to resolve today's eligibility problems into statutes that were designed to suit another era.

Almost 20 classes of students have enrolled, under Federal funding assistance programs, in higher education since the Korean GI bill became law.

Two other basic points should be made with regard to difficulties in eligibility determinations.

First, the Office of Education must deal sympathetically with the accrediting agencies' attempt to address what they see as their own goals, needs, and purposes. The objectives of some of the accrediting organizations occasionally are not targeted fully on broader public or social goals.

Under present regulations, there often is nothing that can be done when such unfavorable impact occurs.

Second, informed and discerning administration of the existing eligibility machinery is not limited to declaring institutions and programs eligible, but also to declaring them ineligible when necessary in an appropriate and timely manner.

Indeed, the ability to act swiftly and fairly on the termination of eligibility is extremely critical when an institution's quality situation is deteriorating rapidly.

The authority to develop regulations to limit, suspend or terminate eligibility for the federally insured student loan program was obtained in the Higher Education Amendments of 1972, and procedures are presently being drafted under this authority.

I might say, Mr. Chairman, that in testimony before the House Special Subcommittee on Education, we had a target date of November 1 to have these regulations out.

These regulations will be out within the next 30 days and they will be sent up to your committee for review.

Utilizing the concept of educational consumer protection, the Office of Education has been moving strongly on this front during the past 2 years.

Specifically, the Office of Education has supported, participated in, or accomplished the following general remedies for unethical school practices in postsecondary education.

Here are some examples:

1. Information exchange with States, the Federal Trade Commission, and other Federal agencies concerning consumer complaints against educational institutions falling within the purview of these agencies;

2. Support and consultation regarding FTC's development of consumer educational materials and guides for private vocational and home study schools;

3. Support and consultation with various States on special programs and improvement of legislation in the educational realm;

4. Provision of contract funds, in conjunction with the Department of Defense and the Veterans Administration, for the development of a model State law governing the approval of private postsecondary schools by the Education Commission of the States;

5. Funding by the Office of Education for a study of the interface between private accreditation and eligibility for participation in Federal educational programs—in the final stages of completion by the Brookings Institution;

6. Creation and operation of the Federal Interagency Committee on Education's Subcommittee on Educational Consumer Protection. This subcommittee, in which OE serves as the lead agency, presently is preparing a report outlining a proposed Federal strategy for dealing with the overall educational consumer protection problem. This report will be presented to the Interagency Committee at its September meeting.

Permit me now to elaborate briefly on two items in the realm of educational consumer protection.

First, while considerable publicity has been given to the unethical practices of certain proprietary schools, there is growing evidence that similar problems exist at nonprofit vocational and collegiate institutions.

As the competition for students becomes more acute, it is possible that many of these institutions are adopting practices previously ascribed only to the proprietary school industry.

Second, increased reliance on State agencies to provide added consumer protection in postsecondary education is a matter which deserves thorough exploration at this time.

One salient advantage in using State agencies, when they are efficient and effective, is that they generally can provide closer surveillance and oversight, and can react more quickly, than can a regional or national organization or agency.

In summary, I have tried to above sketch out for you our view of the real world of accreditation and institutional eligibility as we see it today from our particular vantage point. It is not an altogether gloomy picture.

A true statistical perspective tells us that Federal aid to postsecondary education has been a phenomenal success; billions of dollars have flowed, millions of students have benefited, and thousands of institutions have been strengthened for service to the Nation.

There is a great deal to be proud of.

It is becoming increasingly evident, however, that the national concern for extending postsecondary education opportunities to all who desire and can benefit from them will require more diversification and flexibility in obtaining these opportunities than is now the case.

This, of course, means that accreditation and eligibility procedures must be adapted to these changing conditions while, at the same time, preserving institutional autonomy and protecting the educational consumer interest.

With your continued good help, we shall try to hammer out eligibility standards that will facilitate needed changes and innovations in postsecondary education—standards that will be strict enough to protect the public interest but flexible enough to encourage rather than inhibit needed changes and innovations in postsecondary education.

We will be happy to answer any questions, Mr. Chairman.

Senator Pell. Thank you very much indeed, Mr. Herrell.

Just for the information of the subcommittee and for background purposes, what is your own status? You have been in HEW how long? Are you a career civil servant, a political appointee, what is your background?

Mr. Herrell. These two gentlemen [indicating] and I are career Civil Service.

Mr. Pell. How long have you been in HEW?

Mr. Herrell. I have been in HEW about 21 years.

Senator Pell. You are basically a career Government employee?

Mr. Herrell. Yes.

Senator Pell. Your two colleagues, are they career Government officials, with more than 10 or 20 years?

Mr. Proffitt. Six years.

Mr. Moore. Fourteen years.

Senator Pell. I have several questions.

As you know, this is a very, very complicated subject indeed, and we are trying to get to the bottom of instances of abuse that have occurred, both with regard to the defaults in the loans to students, and also the question of the fly-by-night schools, usually proprietary schools, that have hurt the operation of the whole postsecondary financial aid program.

There has been an excellent series of articles on these subjects that appeared in the Washington Post by Mr. Eric Wentworth; I would ask that they be inserted in the record at this point.

[The articles referred to follow:]

[From the Washington Post, June 23, 1974]

Profit-Making Schools

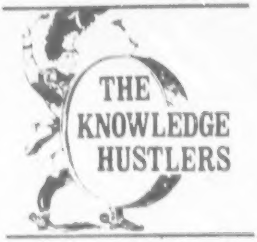
Deception and Exploitation Charged

First of a series

By Eric Wentworth
Washington Post Staff Writer

Businessmen who run schools to make money have, in many cases, been exploiting federal student aid programs at the expense of the young Americans those programs are supposed to benefit.

Salesmen motivated—like the schools' owners—more by earnings than educational ideals have gone hunting for customers in the ghetto of Atlanta, Boston and Los Angeles, in Greenville, S.C. and Shreveport, La., in the public housing of Ardmore, Okla., in the food stamp lines of San Antonio, Tex., in the barracks of Army bases in West Germany and even in a halfway house for mental patients in the Pacific Northwest.



Dangling dreams of quick training for well-paid jobs as computer programmers, color-television technicians, executive secretaries, motel managers or airline hostesses, they have lured many consumers into contracts that often lead to debts and disillusionment.

One victim, an Atlanta welfare mother, complained a finance company was dunning her to repay nearly $500 on a federally insured student loan for three weeks she spent at a local business college. She dropped out because conditions were poor and the school wanted more money.

Another, a veteran in Duluth, Minn., wrote his congressman in desperation last year: a Chicago bank was demanding a $405 repayment on his student loan which he didn't think he owed. He had been lured into a correspondence course in color-television technology, dropped out because the course proved too difficult, and said the school was refusing to help straighten out his problems with the bank.

In another case, a group of young people recruited by an airline personnel school in Hartford, Conn., through what they allege were numerous false claims are suing the school for damages. The majority had been signed up to federally insured loans to help pay their tuitions.

Salesmen eager for commissions have often failed to spell out the financial fine print when they sign up unsophisticated customers to enrollment contracts and loan applications. They have sometimes misled them to think, for example, that they will only have to repay their loans after landing that job for which they'll be trained.

Many young customers come from low-income families, hold unrewarding jobs — if they're employed at all — and have missed out on less costly educational opportunities such as public community colleges.

Protection Lacking

Yet the government, while offering subsidies for their schooling — subsidies which salesmen use as bait — has failed time and again to protect these young Americans from fraud and needless financial losses.

At the same time, the government has failed to protect the taxpayer. It has doled out tens of millions of dollars on insurance claims for defaulted student loans and tens of millions more on GI Bill benefits for wasteful correspondence courses.

These conclusions result from months of reporting by The Washington Post on education's profit-seeking sector and the public and private agencies which are supposed to keep it honest.

The multibillion-dollar industry has thousands of members, from mom and pop secretarial schools in small Southern towns to nationwide chains and correspondence course factories owned by International Telephone and Telegraph, Control Data, Bell & Howell, Montgomery Ward and other large corporations.

While enrollment figures vary widely, the Federal Trade Commission has estimated that industrywide total at more than 3 million students, which would be at least one-third of the total for all public and private nonprofit colleges and universities. Bell & Howell alone recently reported 150,000 students in its correspondence courses and another 10,000 in classrooms, which would make it as large as the entire University of California system.

What sets the industry's members apart from UCLA, Yale or your local community college is that they're all commercial ventures, selling education for profit.

A number of businessmen-educators undoubtedly run respectable operations. Advance Schools of Chicago, one of the big correspondence schools relying heavily on federally insured loans and the GI Bill, is eyed askance by some who find its reputation somehow too good to be true. But Sherman T. Christensen, founder and now chairman of Advance Schools, makes a strong case that its recruiting is scrupulous, its business practices ethical and fair, its courses properly educational and its 72,000 students relatively satisfied.

On the other hand, scores of interviews with a variety of sources and scrutiny of numerous public and confidential files have turned up many examples involving other schools of deceptive advertising, predatory recruiting, wrongful withholding of refunds and other unscrupulous or irresponsible practices.

Industry spokesmen, sensitive to occasional exposes, contend profit-seeking schools shouldn't be singled out for criticism. After all, they argue, nonprofit colleges, hard-pressed to fill classrooms and balance budgets these days, have begun resorting to commercial recruiting tactics, too.

But the fact remains, based on available evidence, that it is in the profit-seeking sector where abuses have been more frequent and extreme, and where the human as well as the public costs have so far been the greatest.

Dropout rates have exceeded 50 per cent in some profit-seeking classroom schools and run 75 per cent or more in many correspondence schools. True, rates are also high among nonprofit private and public colleges, where one 1971 study showed fewer than half the freshman would finish two-year programs and only one-third would finish four years.

But the profit-seekers, selling shorter courses aimed at specific careers, could be expected to have lower rates than most. Their dropouts, who in most cases have signed contracts to take and pay for an entire course, often quit at an early stage. Studies of

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nonprofit colleges usually pay by the semester, and dropouts tend to leave at semester's end.

Neither profit-seeking nor nonprofit schools boast perfect scores in graduate job placements—witness recent reports of Ivy League graduates driving taxicabs. But for the profit-seekers, training for jobs—stripped of broader educational objectives—is the name of the game.

Certainly profit-seeking schools have been setting the pace when it comes to marketing. They advertise widely in all sorts of magazines—from Penthouse to Popular Mechanics—as well as newspapers and the Yellow Pages. They promote their services on matchbook covers and postcards, as well as television. Some use mass mailings. Others canvass by telephone. And those that find salesmen productive.

According to a detailed 1970 report on the industry by Edubusiness, Inc., of New York City, profit-seeking schools generally spent only about 20 per cent of their budgets on instruction but up to 60 per cent on marketing.

"Good sales representatives," Edubusiness reported, "command annual salaries considerably higher than those according the teaching staff."

One recent example was the magazine ad to recruit salesmen run last fall by Atlantic Schools, a subsidiary of National Systems, Inc., selling courses in the airline-travel field. "Generous commissions!" the ad promised. "Just five sales per month can earn you over $10,000 annually. Many of our salesmen earn more than $20,000 per year—and up to $60,000."

Weaver Airline Personnel School, advertising for salesmen in The Washington Post help-wanted columns last Nov. 18, offered salesmen "high commissions plus monthly annual bonuses and our TOP reps have won extra bonuses from a car to a European vacation."

While some profit-seeking schools for one reason or another have shunned heavy involvement in federal programs, others have increasingly used them to fullest advantage to enroll large majorities of their students.

In the federally insured student loan program, for example, profit-seeking schools generally have been accounting for about one-third of the total multibillion-dollar volume. But in the 1973 fiscal year, according to government figures, three school owners alone—Advance Schools, Bell & Howell and Montgomery Ward—enrolled more than 200,000 insured-loan borrowers. In the January-March, 1973, quarter, those same three accounted for more than $45 million in new loan volume, or nearly 20 per cent of the total for all institutions in the program.

And according to Veterans Administration data published last fall, a dozen profit-seeking schools each enrolled more students under the GI Bill during 1972 than even the largest state university campuses.

Profit-seeking schools gained access to the federal student subsidies in the mid-1960s. Congress followed the precedent of prior veteran-aid programs in including them when it revived the GI Bill in 1966. The lawmakers made them eligible for the insured-loan program, and since then for other Office of Education student aid, on grounds that vocational education under all legitimate auspices merited more recognition and support.

Eligibility for these programs greatly broadened the potential student market for profit-seeking schools by giving millions of young people the financial means to enroll. It was doubtless a factor, in the late 1960s, in attracting Bell & Howell, McGraw-Hill, Montgomery Ward, Control Data, ITT, Lear Siegler, LTV and other corporations into what seemed a lucrative new field. Their involvement, through acquisitions and new ventures, brought fresh resources and apparent respectibability to an industry still dominated numerically by far smaller enterprises.

Education profits have in fact proved elusive for many companies, large and small. A variety of management problems, the rising rivalry of low-tuition public community colleges, and a roller-coaster national economy have spelled slim earnings for quite a number and heavy losses for some. LTV and Lear Siegler have cashed in their chips.

Most companies, however, are staying in the game. And the industry as a whole has clearly emerged from the educational backwaters it inhabited for decades into the mainstream. Looking ahead, school owners can expect a new boon for recruiting if the government's recent "basic opportunity grants" for low-income students are funded at more than $1 billion as the Nixon administration has proposed.

Developing Shift

Moreover, they stand to gain at least in the short run from the developing shift in student goals away from traditional liberal arts degrees and into programs geared toward work-world careers. Meat-and-potatoes career training, after all, is the industry's long-claimed specialty.

North American Acceptance, in turn, was acquired and owned until recently by Omega-Alpha Corp., the conglomerate that financier Jim Ling put together after his ouster from control of LTV.

Under new ownership, Blayton built enrollment by aggressive recruiting. By one account, a team of salesmen would telephone local high school graduates. The salesmen would offer them a ride to the school in a company-owned station wagon to inspect its facilities — including the plushly furnished president's office and reception rooms — and to view a recruiting film.

Those persuaded to enroll would be signed up in practically every case, to a federally insured loan from North American Acceptane. All told, according to Office of Education estimates, the finance company's insured-loan volume soared by last summer to $1.3 million.

By last August, however, the federal agency's Atlanta office became concerned by Blyton's high dropout rate and a growing number of loan defaults and complaints from onetime students.

One handwritten complaint came from Linda Sloan, an Atlanta welfare mother. "I have received a number of letters and telephone calls from North American Acceptance," she wrote. "They are asking for money that I do not think they deserve. They are telling me that I borrowed almost $500 from them. I have never been there before in my life. This money is for a couple of weeks that I went to Blayton Bus. College.

"I signed a contract but was not permitted to read it because they said that it changed so often that 'by the time you start classes it will be different.' I was also told that during the first week of school, I woud be offered a job. (None of this was true.)

"I went for about three weeks," she continued, "and after I found out that I was expected to pay over $1,000 I went to the office and told them I had quit. All they said was o.k. They didn't even make a note of it.

"I have been telling these people that I do not have a job but they keep making all kinds of threats. They say I went to school for 35 days. I did not. I didn't even have a perfect attendance record the short time I was enrolled. The conditions there were poor, and I think it is unfair for them to force me to pay this much money for nothing."

Student Walkout

Last Aug. 20, an estimated 150 students—three-fourths of Blayton's largely black total enrollment at the time—staged a walkout to dramatize their compalints about the school. Their long list of grievances included a misleading catalogue (in which white employees of North American acceptance allegedly posed in photographs as students so it appeared the school was integrated), low admissions standards, unqualified teachers, insufficient equipment, unavailable courses, deceptive sales pitches and exorbitant tuition.

The students were also upset by the resignation of Mrs. Terry Davis, the school's black placement director.

Mrs. Davis said she had become disenchanted herself by the school's inferior quality, which made it hard for her to find jobs for its graduates, and was frustrated by undue restrictions on her work. The last straw came, she said, when the school's administrators —who claimed later that she had been unproductive—sought to hire a second placement director without telling her.

The Blayton students who walked out evidently hoped their demonstration would force the school to make some improvements. Student protests had been common enough on college campuses. Occasionally they had led to violence—far more often, to reforms.

The last thing the Blayton protesters expected was that the school's administrators would summarily expel them. But that, in fact, was what happened.

And with publicity about the protest causing enrollment cancellations among fresh recruits scheduled to start classes in October, Blayton officials decided they would simply close down the school when the summer term ended.

While the expelled students reportedly had partial refunds credited to their North American Acceptance loan accounts depending on how long they had been enrolled, they were still faced with repaying the rest of their loans—for an unrewarding, unfinished, dead-end education.

Edward L. Baety, a lawyer retained by Mrs. Davis to represent her and the students, decided to file suit against North American Acceptance to free the students if possible from their repayment obligations.

He was "on the way to the courthouse," Baety said, when he picked up a newspaper, read that North American was filing for bankruptcy, and gave up his mission.

Huge Legal Tangle

Baety said recently he saw little hope for the students in adding another, relatively minor lawsuit to what has become a monstrous legal tangle. The collapse of North American Acceptance (sold by Omega-Alpha last August to GCI International, Inc., a California holding company) has touched off a flurry of investigations plus class-action suits on behalf of some 12,000 Georgia investors who were left holding an estimated $40 million in short-term North American Acceptance notes.

And the Blayton students weren't out of the woods. Robert E. Hicks, North American's court-appointed trustee, said he was legally obligated to "maximize" the finance company's assets in the interests of its creditors. That meant, he added, that an "effort will be made"—however unpopular—to collect from the student borrowers.

Should the students refuse to repay their loans, North American Acceptance through its trustee would presumably file claims for federal insurance on the defaults. And if the government paid those claims, it would then set about collecting from the students itself.

As things stand, the insured loan program allows forgiveness of debts only for death, disability or personal bankruptcy.

Time and again, where a profit-seeking school misled or short-changes its students, overlooked Office of Education collection officials have been later assigned to extract money from the victims.

Said one official, "I can't find it in my own conscience to go out and collect from these people."

NEXT: The Victims

Folding Schools Increase Loan Defaults

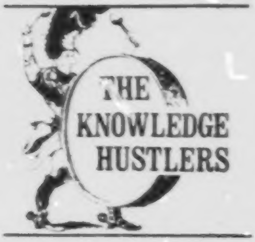
Second in a Series

By Eric Wentworth
Washington Post Staff Writer

When Technical Education Corp. of St. Louis abruptly folded last fall, Judy Rodriguez of Ottawa, Ill., was one of thousands of students taken by surprise—or, she later suspected, simply taken.

Like students at a number of other profit-seeking schools which exploited federally insured student loans in recruiting, she wound up a victim rather than a beneficiary of the government program.

Miss Rodriguez, a 22-year-old drug store clerk, signed up in October, 1972, for Technical Education's correspondence course in data processing. She made a $100 downpayment and applied for an $800 federally insured loan to pay the balance.



She had completed about 60 lessons last October when Technical Education ran out of money and its creditor, EDCO Financial Services of Los Angeles, foreclosed.

EDCO set up a new school in Phoenix, Ariz., and said it would finish training Technical Education's stranded students.

But there was a catch. The now-defunct St. Louis school had spent all the tuition revenue from Miss Rodriguez and as many as 3,000 others who had paid in full with insured loans when they first enrolled. Hence, EDCO said, it would have to charge them extra for its own services.

Anxious to finish the course and get a certificate, Miss Rodriguez reluctantly took EDCO up on its offer and has spent an extra $100 so far—at $3 for each lesson she submits for grading.

Her original contract with Technical Education, she said, also covered tuition, travel and living costs for two weeks of classroom training in St. Louis. EDCO would provide that training in faraway Phoenix—but it would cost her an additional several hundred dollars which she can't afford.

Nor, Miss Rodriguez said, can she afford, on a drugstore clerk's salary, to repay the $800 federally insured loan which is supposed to come due this summer. (She assumes a bank or finance company will start dunning her, though she has no idea who—if anyone—holds her loan note.)

"I don't feel I owe anybody anything," she complained. She could refuse to pay the note-holder, who could then file a default claim and collect the federal insurance. But then the federal government itself would try to collect from her.

Sorry Experience

Ideally, Miss Rodrigeuz would like to get her money back and put the whole sorry experience behind her. She has written letters about a refund without success. Technical Education, of course, is insolvent, and EDCO says it isn't responsible for Technical Education's liabilities. The government, under existing law, can neither pay refunds nor forgive student debts.

Malcolm H. Harris, EDCO chairman, said he understood that possibly 3,000 young students who had enrolled in Technical Education's courses with insured loans were owed anywhere from $300,000 to $3 million in unpaid—and apparently unpayable — refunds. (Nobody seemed sure of this figure.)

"Unfortunately and unjustly," Harris said, "I think they have really had the course. They're up the creek without a paddle."

The plight of Judy Rodriguez and other former students of Technical Education in the same boat—one U.S. Office of Education official called it a "horrible, lousy, stinking situation"—would be serious enough in itself.

In fact, it is only one of many problems that have cropped up in the past two or three years where profit-seeking schools were exploiting the insured-loan program to boost their enrollment revenues. In case after case, the students, whom the program was intended by Congress to benefit, have been the ones to suffer most.

School owners, some of them using misleading ads and hordes of glib salesmen, have lured thousands of young Americans into debt for training opportunities that turned out to be dead ends rather than promising paths to high-paid jobs. For many victims, these were debts and disillustionments they could ill afford.

The sorry scenario goes as follows:

The salesman signs up his young customers to an enrollment contract and insured loan application. He may gloss over the fact that they will be going into debt. He may imply that they will only have to pay off the loan after landing that lucrative job after training, or that Uncle Sam will pick up the tab if necessary.

In any event, the salesman gets his commission or adds to his sales-quota body count. The school owner himself gets ready front-end cash, since the loan proceeds usually provide him with the full tuition revenue before the young borrowers even enter the classroom.

The prospective students meanwhile are caught up for the moment in heady dreams of a new life as computer programmers, executive secretaries or other skilled and well-paid jobholders.

Then the dreams start going sour.

Many students start their training but soon drop out. They may have found inferior lesson materials, inadequate equipment, unqualified instructors, overcrowded classes, indifferent administrators or other shortcomings they hadn't expected. Conversely, despite the salesman's assurances, they may have found the course too difficult for students with limited prior education.

Unexpectedly Stranded

Others stay with their courses but then are unexpectedly stranded when the school's owner—for financial or other reasons played close to the vest—suddenly decides to shut down.

Students elsewhere who are able to finish their courses often discover the school's placement service is less than promised, or that their costly training carries little weight in any event when they go hunting for jobs themselves.

All these unfortunate individuals, however—like all the luckier student borrowers at other institutions—wind up with insured loans to repay.

It doesn't matter whether the ones who dropped out or were stranded got whatever refunds they had coming to them. And it doesn't matter whether those who finished the course got their money's worth.

Victims of this scenario and its many variations have turned up all over the country.

Barbara Rice, trying to support three children on a secretary's salary in California, was faced with a $1,500 insured loan debt she couldn't afford for a court reporting course. She never finished the course because the school, technically nonprofit Riverside University, was driven out of business when the state sued it for fraud.

In Hartford, Conn., Terry Allen and other former students of Atlantic School's airline personnel course have charged the school with fraud in their own lawsuit. Allen was angry when the school fell far short of the salesman's rosy description, and angry too when he couldn't get an airline job afterward. Then he was angry all over again when a savings and loan association in the Dakotas demanded repayment of his $600 insured loan—which he has refused to do.

It's hardly surprising that thousands of young borrowers who have had experiences of this sort at the hands of a number of profit-seeking schools have been angrily or desperately defaulting on their loans.

The Office of Education doesn't know for certain how many defaulters have legitimate, if unavailing, complaints against such schools—as opposed to deadbeats and ordinary hardship cases contributing the $67 [illegible] this year.

Nor does it know how much they are contributing to the total default volume over students who attended all types of private and public institutions.

Controversial Levels

It does know, however, that the overall volume of defaults is reaching [illegible] and controversial levels.

By January of this year, the government had paid nearly $76.3 million in federal insurance to private lenders for 81,200 defaults, plus another $62.9 million to state and private loan guarantee agencies whose default payments it partially reinsures.

Federal officials do have some indications, however, that borrowers enrolled by profit-seeking schools have been producing at least their share of defaults. One limited analysis, in fact, showed students enrolled by such schools accounting for 10 to 15 per cent of total federally insured loan volume and later, at repayment time, for about 75 per cent of the defaults.

Moreover, the government agency's files contain a growing number of cases in which particular profit-seeking schools have short-changed their insured loan students by one means or another—including failure to pay refunds to disillusioned dropouts.

Though students like Judy Rodriguez didn't know it, Technical Education Corp. had repeatedly been in trouble with the government before it folded. In a July, 1969, Federal Trade Commission consent order the company agreed to cease and desist from a number of alleged sales deceptions.

Then in October, 1971, the Office of Education suspended Technical Education's authority to make its own federally insured loans on grounds it had been signing up ineligible high school students.

In March, 1973, the Office of Education also stopped insuring loans for Technical Education students from other lenders—which effectively halted its use of the program altogether.

A federal auditors' report, released subsequently, estimated that as much as 60 per cent of some $3 million of insured loans to Technical Education students were in fact uninsurable because the borrowers had still been in high school, had enrolled but never started training, or had started but dropped out.

The auditors added that Technical Education had been "extremely slow in most cases" in making refunds to those borrowers.

Finally, a month after Technical Education went broke, Judith Roman of the Greater St. Louis Better Business Bureau disclosed in a confidential report that there had been many complaints about the school's advertising, sales tactics, instructional services and failure to make refunds. "Letters promising still undelivered refunds to students go back as far as January, 1973," she reported.

For his part, Charles E. Johnson, Technical Education's president, said he was "a little bitter" about the whole experience. He said his school had taken advantage of the insured loan program to compete with larger rivals but found it "the worst thing that ever happened to me."

$900,000 in Loans

Johnson said the Office of Education "broke us" after March, 1973, when it held up insuring some $900,000 in loans for new students until refunds to former students were paid.

He said he vainly asked the federal agency to assure the lender that insurance would be forthcoming once the refund obligations were met. Then came the auditors' report, which he called "ridiculous" [illegible].

Johnson said his school went ahead with educating the new students even without tuition revenue from their still uninsured loans. The Office of Education kept stringing him along while the company's cash pinch tightened, he said, and finally, "We just ran out of money."

How many Technical Education students with loans insured earlier will ultimately default won't be known for a while. But federal officials have repeatedly found high default rates from schools which didn't make the refunds they were supposed to—either to dropouts or students they had stranded. Students who feel a school owes them money are less likely to pay their own debts.

Two years ago, for example, federal officials looked at the records of

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Marsh Draughon Business College in Atlanta, one of nearly 40 small schools throughout the South which LTV Corp. had bought a few years earlier when education seemed a rich new frontier for American business.

The officials were concerned because former Marsh Draughon students were defaulting on their loans at a high rate—later analysis showed nearly 62 per cent of them weren't making repayments. Their investigation disclosed that among 113 individual defaulters, 95 were owed a total of nearly $50,000 in unpaid refunds.

LTV executives, alarmed, sent their own audit team to check the books of all LTV schools. The results produced a shock in LTV Tower, corporate headquarters in Dallas. According to the auditors, the school chain owed former students who had dropped out at least $5 million in unpaid refunds—more than wiping out the supposed profits previously on th[illegible]ks.

The former LTV studen[illegible]urned out were relatively lucky. The big conglomerate, 21st last year on Fortune magazine's roster of the 500 largest industrial corporations, decided it would, belatedly, make good on the refunds. (Faced with operational problems as well as unexpected red ink, it has also sold off all its schools.)

Other school owners faced with financial problems or threatened investigations have simply shut down their schools.

Last June, the Office of Education wrote one industry accrediting group, the Association of Independent Colleges and Schools: "Thirteen of the group's schools, the Office of Education complained, had closed within eight months "without delivering the educational services for which a large number of student borrowers have paid in advance from proceeds of federally insured student loans. . . ."

"Questionable recruitment and admissions practices have usually resulted in an alarmingly high dropout rate by these institutions prior to their closure," wrote John R. Proffitt, director of the Office of Education's accreditation and institutional eligibility staff. "Accordingly, many of these institutions lacked the financial capability to meet required student refund liabilities because of apparent mismanagement."

Questionable at best were practices which the accrediting association had already uncovered at one of the 13 schools, Community College in San Antonio, Tex., had been recruiting 80 to 85 per cent of its students under the insured loan program, and by the summer of 1972 had run up a total loan volume of some $3.5 million. More than 55 per cent of some 1,755 recruits had dropped out.

Jack H. Jones, Florida school owner and association leader who was sent to investigate the school in September, 1972, found its salesmen had been recruiting large numbers of welfare recipients—three salesmen, in fact, had been assigned to a local welfare office where people came to get food stamps.

"A very high percentage of these welfare recipients," Jones wrote in his confidential report, "were migratory farm workers who could be expected to remain in the area only short periods of time before moving on to another part of the country, automatically producing a dropout that would be very profitable to the institution under a strict interpretation of the (association's) refund policy, but a windfall under the distorted policies administered by the institution."

$500,000 Owed

All told, Jones reckoned, Community College owned its former students some $500,000.

Hardly less callous was the attitude Jones and a colleague had encountered a few months earlier when they investigated another of the 13 schools—Delta School of Commerce in Shreveport, La.

"Although instructors appeared dedicated to a job of educating the young people," they reported, "management appears to have no interest in the welfare of the student body.

"Top management," they continued, "apparently had devoted itself to the collection of substantial sums of tuition in advance and the utilization of its capital in acquiring or opening other institutions for the purpose of obtaining additional windfalls."

A new owner acquired Delta School of Commerce in the late summer of 1972, according to Louisiana authorities. Then, in February, 1973, the Louisiana attorney general's consumer protection unit in Shreveport began investigating a student's complaint about an unpaid refund. A few days later, Delta School of Commerce announced an "early spring vacation," closed its doors and has never reopened.

A federal official's confidential memo, based on an investigation of school problems in the South, describes a blatant pattern of loan program exploitation.

A school owner makes a deal with a bank, which agrees to pay his school a specified sum, say $150,000.

The school owner then sends salesmen to recruit 100 students and sign them up for $1,500 loans to cover tuition. The salesmen also get the students to sign papers authorizing the bank to turn over the loan proceeds directly to the school.

The bank then pays the school the $150,000 as agreed, frequently without contacting the borrowers or making sure they show up for classes.

This way the school owner has his cash. The bank gets federal interest subsidies on the loans while the borrowers are supposedly in school, and the protection of federal insurance if they default.

Only the unwitting students, faced with repaying their loans to the government if not to the bank, regardless of whether they get an education, stand to lose.

California Case

Student borrowers are left holding the bag even if a school shuts down as a result of illegal activities. This happened three years ago in California, where the state attorney general's office filed a civil fraud suit against self-promoting though technically nonprofit Riverside University. The school, swiftly forced into receivership, was charged among other things with certifying numerous ineligible students for insured loans.

Some had signed up for insured loans but hadn't yet started classes when Riverside folded. Since the school had received and spent their loan proceeds, however, the prospective students had to repay the loans despite receiving neither education nor refunds.

Aroused by what happened at Riverside, California Congressmen Jerry L. Pettis and Alphonzo Bell introduced a bill last December aimed at better controlling school eligibility for student aid programs.

"A fine industry, which is fulfilling an ever increasing need for good post-secondary education," Pettis asserted, "is being discredited by con men, hustlers and run-of-the-mill incompetents."

To protect students, their bill would relieve insured-loan borrowers of their debts if it was found the schools which short-changed them should never have been eligible for the program in the first place.

NEXT: *The Veterans*

Associated Press

Hartford student Terry Allen charged school with fraud.

Schools Lure Veterans With Tools and TVs

Third in a series

By Eric Wentworth

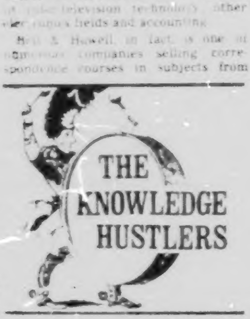
Washington Post Staff Writer

"Build and keep one of today's most advanced color TVs'" urged Bell & Howell in its three-page advertisement in the April Reader's Digest. "It's the perfect spare-time project ... an enjoyable way to learn about the exciting new field of digital electronics."

The ad, one of many Bell & Howell has been running, invited readers to send in for more details and a free booklet about GI Bill benefits.

The GI Bill, according to George P. Doherty, who headed the company's education ventures until resigning recently, has been subsidizing about two-thirds of the 150,000 students taking Bell & Howell correspondence courses in color television technology, other electronics fields and accounting.

Bell & Howell, in fact, is one of numerous companies selling correspondence courses in subjects from color-television technology to motel management that have found the GI Bill a bonanza for enrollments.



Veterans pursuing conventional classroom educations receive fixed monthly benefits regardless of their expenses—a system causing repeated outcries as tuition and living costs soar. But those taking correspondence courses are reimbursed for completed lessons at a flat 90 per cent of the tuition whatever it happens to be and whatever—such as expensive "build and keep" television sets—it happens to cover.

The market subsidized by the GI Bill is immense. When Congress launched the present program eight years ago, it provided benefits not only for Vietnam veterans but for all those who had been mustered out as far back as 1955. And, for the first time, it extended coverage to active-duty servicemen.

All told, the present GI Bill has rendered some 9.7 million young and not-so-young Americans eligible for benefits. Through last June, the Veterans Administration had spent some $8.1 billion on training benefits for more than 4.1 million of those eligible—making the GI Bill by far the largest federal student subsidy program.

Veterans' Education

Companies selling education for profit—including big corporations such as Bell & Howell which have entered the field since the current GI Bill began—have taken advantage of this student market in a massive way. While most people might think of veterans using their benefits to study on college campuses, nearly one in four has been spending them on commercially sold correspondence courses.

In 1972, according to Veterans Administration data published last fall by Educational Testing Service, 12 profit-seeking schools each enrolled more GI Bill students than the University of Maryland at College Park.

Advance Schools, Inc., of Chicago led the VA list with 51,114 GI Bill correspondence students, more than the total student bodies—part-time as well as full-time—of American, George Washington and Georgetown universities combined.

Commercial Trades Institute, owned by Montgomery Ward, was second with 34,880 GI Bill students. Further down the list were two Washington-based schools owned by McGraw-Hill: Capitol Radio Engineering Institute with 8,[illegible] GI Bill enrollees and National Radio Institute with 7,901.

The University of Maryland at College Park, with the largest GI Bill enrollment that year among all public and private nonprofit institutions, had only 4,381.

Companies in the correspondence school business have captured a big share of the market through aggressive selling. Their ads appear in Army Times, Argosy, Action Comics, Popular Mechanics, Popular Electronics, Penthouse, Front Page Detective, Glamour, Hot Rodder, Ebony, National Enquirer and a host of other publications.

These ads extol the high pay and status, even the excitement and glamor, that supposedly await students completing the course. Cleveland Institute of Electronics, promoting its color-television course, claims, "You'll Be Dynamite."

The ads also state "Approved for Veterans" or similar wording assuring readers that the courses qualify for GI Bill benefits.

Some companies exploit the GI Bill blatantly. Recently, for example, Commercial Trades Institute display boxes crammed with "take one" cards appeared in a laundry and a delicatessen on Wisconsin Avenue here. The red, white and blue cards, headed "Attention All Veterans," with an American flag in one corner, read "It will pay you to learn about your benefits under the GI Bill. Specialized home study training for those who qualify. Tools and equipment furnished and are yours to keep."

Veterans could mail in one of the pre-addressed cards for more information about courses in color television servicing and six other subjects.

590 Salesmen

Some correspondence school companies rely wholly on ads and promotional mailings. Advance Schools, on the other hand, uses 590 fulltime salesmen operating out of 147 district offices. Bell & Howell uses both ads and salesmen, of which it has 400 for its electronics courses and another 100 for accounting.

The European edition of Stars and Stripes published a special series last November on how some correspondence school salesmen, including retired military officers, were preying on enlisted men overseas. Stars and Stripes reporters found salesmen gaining illegal entry to military bases, signing up soldiers without worrying whether they could benefit from the courses, inducing them to evade required counseling with base education officers, and even supplying them with

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exam answers to hasten their progress.

Two years ago, the VA and Congress decided the GI Bill was making it all too easy for profit-seeking correspondence schools to sell their courses—and both taxpayers and consumers were suffering as a result.

A special General Accounting Office report showed 75 per cent of the veterans and servicemen whose GI Bill benefits had stopped were dropouts. Only about half of those who finished their courses and sought training-related jobs were successful.

One could well conclude, though the GAO didn't say so, that there had been a massive waste of tax money in GI Bill subsidies to veterans who dropped out of their courses.

Though GI Bill benefits were supposedly covering 100 per cent of tuition at that time, the GAO found some 130,000 dropouts had paid an estimated $24 million out of their own pockets. This occurred because VA based benefits on lessons completed, while schools accredited by the National Home Study Council—as most were—based student charges on the elapsed time since they first enrolled.

Congress adopted a package of reforms. GI Bill benefits would cover 90 per cent, instead of the full 100 per cent of tuitions. A "cooling-off period" would require GI Bill students to reaffirm their intentions in writing at least 10 days after signing an enrollment contract. And servicemen would have to consult with base education officers before applying for benefits.

Congress also accepted the National Home Study Council's refund-policy reform for accredited schools, which would tie refunds to percentages of lessons completed.

The reforms took effect Jan. 1, 1973, and had a marked effect. VA reported that new enrollments in commercial correspondence courses during the first six months fell 27.8 per cent, from 130,977 a year earlier to 94,495. New enrollments by servicemen alone dropped dramatically, from 26,190 to 12,803.

"Somebody out there has been saying something right to people about commercial correspondence courses," Col. John J. Sullivan, Pentagon adult education director, told a gathering of military base education officers last year in Dallas.

Problems Persisted

Serious problems, however, have persisted. Dropout rates have remained high. Even Bell & Howell, promoted as the "Cadillac" of correspondence schools, reported that at most 50 per cent of those who sign up for its courses actually complete them.

The Stars and Stripes articles, a recent Boston Globe series and The Washington Post's own investigations confirm that sales abuses still occur.

"And, in particular, the fact that GI Bill benefits for commercial correspondence courses remain pegged to tuition rates—even at 90 per cent instead of 100 per cent of those rates—only perpetuate the program's heavy costs."

To the extent tuition rates cover marketing as well as instructional costs, the GI Bill subsidizes both.

A study funded by the Carnegie Corp. six years ago estimated medium-sized correspondence schools were spending 40 to 45 per cent of their budgets on sales and promotion, and less than half that amount—17 per cent—on direct instructional costs.

A Washington Post reporter mailed in coupons or letters answering the ads of some three dozen commercial correspondence schools to learn about their promotional methods. They responded with salvos of folksy form letters and elaborate glossy brochures.

National Camera, which runs a camera repair school based in Colorado, was the most prolific. It sent a total of 14 pieces of mail over an eight-month period in response to one inquiry.

Getting no response to its initial mailings, LaSalle Extension University wrote, "When you first inquired about the LaSalle course in motel/hotel training you had taken a positive step toward a bigger future. And now, for some reason, you have faltered along the way."

Eye-Catching Equipment

Many companies promote their courses with a heavy stress on expensive or eye-catching hardware which they would supply with the lessons. They seemed to include such equipment as much to sell the course as to enhance its educational value. In extreme cases, they seemed to be selling equipment rather than education.

This seeemd most notably the case with Bell & Howell, Cleveland Institute of Electronics, National Technical Schools, International Correspondence Schools and others selling color-television technology courses in which they featured deluxe "build and keep" construction kits as well as assorted testing equipment.

Anyone can buy such kits by mail order from the Heath Co. in Benton Harbor, Mich., which supplies detailed and readable manuals for step-by-step assembly, maintenance and troubleshooting. Richard Shaller, Heath's contract sales manager, confirmed that his company sells "Heathkit" color television sets at volume discounts to Bell & Howell and severl other schools for them to use in their correspondence courses.

If you buy and build the $599.95 GR-900 or $649.95 GR-2000 "Heathkit" sets from Heath directly, of course, you pay the full price yourself. If you're a serviceman or veteran and acquire a modified "Heathkit" through Bell & Howell's $1,595 correspondence course, however, the GI Bill will cover 90 per cent of your total course cost.

Bell & Howell's Doherty conceded someone could sign up for the course under the GI Bill more to get a 25-inch-screen color television set at a government-subsidized bargain than to get an education in electronics. But there were obstacles, he insisted: the 170-lesson course was difficult and time-consuming, GI Bill ebnefits were paid only for lessons completed, and students received their "Heathkit" components only in the last quarter of the course.

In addition, the GI Bill is supposed to subsidize only veterans and servicemen whose studies have an educational, vocational or professional objective for which they are not already qualified—and they must state their objective on the benefits application form. Courses with a "recreational or an avocational purpose" aren't supposed to qualify for benefits.

Local Residents

Nonetheless, Washington Post telephone survey of local residents taking the Bell & Howell course under the GI Bill turned up Pentagon civilians and military officers, business executives, airline pilots and even dentists who said they had enrolled for a hobby, to acquire a new television set, or to learn to repair sets they already owned.

"We don't require them to take a lie detector test," a Veterans Administration official commented.

Aside from $600 television kits, other companies offer a variety of valuable if less glamorous hardware. National Radio Institute included a "handsome window air conditioner that serves as a training unit as well as a welcome addition to your home" in one of its courses.

Belsaw Institute's $275 locksmithing course included a $125 Belsaw Machinery Co. key machine-code cutter and other tools and supplies—total retail value $215, or 78 per cent of the tuition.

The North American Correspondence Schools, owned by National Systems, spiced up their courses with a $129.50 adding machine for accounting, and "three big drafting kits" for drafting.

True, anyone taking vocational or technical training learns more effectively with access to the tools and equipment giving "hands-on experience." Students who attend classes at a school get that access in the school's labs or shops. Correspondence students can't do that, so the schools instead mail them what amounts to their own individual laboratories.

It can be argued that since the schools can't control what happens to equipment in the hands of faltering correspondence students, it makes sense to let the students keep what's sent to them.

"We don't want to go all over the country recovering TV sets from all our students and then have a massive repair operation," Doherty said in explaining why Bell & Howell has correspondence students "build and keep" their color televisions.

Students taking a comparable course through on-site training at one of Bell & Howell's DeVry Institutes of Technology use school equipment instead and don't get sets to keep. A couple of resident instructors are watching over the students," Doherty said, "and the amount of damage is held to a minimum."

There are, however, exceptions to the "build-and-keep" approach in correspondence courses. National Camera mails tools, test instruments and camera components to its correspondence students on temporary loan—requiring refundable cash deposits as high as $233.10 in various phases of the course.

"Their cost, if you had to pay for each item," National Camera informs its students, "would nearly double tuition fees. To keep tuition cost at a minimum, this equipment is loaned to you."

Diamonds Loaned

Likewise, the non-profit Gemological Institute of America loans out on the honor system a series of diamonds worth up to several hundred dollars apiece for students in its appraisal course to grade and mail back.

Even Bell & Howell itself, according to Doherty, makes an exception in one of its other correspondence courses, on electronic communications. Because one piece of equipment costs $1,000 and is needed for only one phase of the course, he said, the company loans it out under a $100 deposit rather than letting students keep it and pay extra tuition cost.

Some schools padded their offerings with less expensive but less essential paraphernalia which would still add something to tuition costs.

The North American School of Travel, for instance, embellished its travel-agent course with a Rand-McNally globe, wall map and atlas plus a set of Holiday Magazine guidebooks.

Modern Upholstery Institute, an unaccredited California school state-approved for GI Bill students, showed how fuzzy the line can be between educational essentials and non-essentials in correspondence study.

The school started out offering a [illegible] course which veterans could take with 90 per cent GI Bill subsidies. The course included more than 125 lessons, upholstering tools, and six kits of materials to make an ottoman, boudoir chair and other furnishings.

Failing to make a sale, the school then offered a "compact" upholstery course in which students would grade their own lessons. The compact course, no longer qualifying for GI Bill benefits, cost $150 with only four kits (no boudoir chair or club chair) or $124 without any kits.

The school claimed that the compact course allowed it to slash costs "without reducing its instructional value in the slightest degree." (Ultimately, the school came up with a "streamlined" course for only $76 in which all the lessons—and a set of tools—would be mailed in "one giant package." Still, it claimed, "not one single vital bit of information has been omitted.")

Bonus Discounts

North American schools were among the front-runners when it came to offering bonus discounts up to $150, or gifts, to students mailing in enrollment contracts by certain deadlines. Their gifts included a "deluxe travel bag" from the School of Travel and a pair of binoculars from the School of Conservation.

Cleveland Institute of Electronics offered up to 17 "free gifts" worth a total $165.25—including an electronic pocket calculator—for prompt enrollments. And Technical Home Study Schools in New Jersey, also for prompt enrollments, offered an 18-volume "Encyclopedia of Good Decorating" from its Upholstery and Decorating School, and more than 100 key blanks from its Locksmithing Institute.

Still another come-on which several companies used involved opportunities for post-graduate training. Students who could afford their own travel and living expenses could take advantage of the opportunities without extra tuition.

North American School of Conservation offered "a thrilling week, or more" of lectures, field trips and "leisure fun" at its "summer camp in Wyoming's breath-taking scenic beauty."

Environmental Center

Its rival outdoor-careers school, the National School of Conservation (acquired since by Technical Home Study Schools) last fall was offering a week-long "remarkable living and learning experience . . . and, yet, it's like the vacation of a lifetime" at an environmental study center in Wisconsin's North Woods.

Less recreational but perhaps more educational, National Camera offered a two-week "resident seminar" at its Englewood, Colo., headquarters; National Technical Schools offered up to a full month's "workshop training" at its school in Los Angeles; National Radio Institute offered one week's training at York Institute in Pennsylvania for its air conditioning, refrigeration and heating students; and North American School of Drafting offered 50 hours' training at Cleveland Engineering Institute.

School owners, in short, have been able to charge tuitions that cover a wide array of embellishments while GI Bill benefits pay 90 per cent of whatever those charges happen to be.

This government generosity persists at a time when veterans attending conventional colleges complain bitterly that their benefits—based on flat monthly rates regardless of tuition and other costs—aren't meeting their needs. It's a time, as well, when young Americans are finding other federal student aid funds in generally short supply.

NEXT: Student Protection

Correction

The first article in this series published Sunday, described events last year at Blayton Business College in Atlanta as an example of what can befall students in the absence of effective regulation of such schools.

Blayton was accredited by the Association of Independent Colleges and Schools, approved by the Georgia Department of Education and eligible to enroll students under the federally insured loan program.

Blayton, originally a local family venture, had been acquired in 1971 by American Schools, Inc., which was owned in turn by North American Acceptance Corp., the finance company that made federally insured loans to most students enrolling at the school.

Paragraphs containing these facts about Blayton, which shut down after student protests last August, were inadvertently omitted from the Sunday article.

Legislators Seek to Curb Some Practices

The Senate-passed version of pending legislation to expand GI Bill benefits includes provisions aimed at curbing some of the practices of profit-seeking schools described in this series.

One of the provisions drawn up by the Senate Veterans Affairs Committee would bar GI Bill benefits for courses for which the advertising uses "significant avocational or recreational themes."

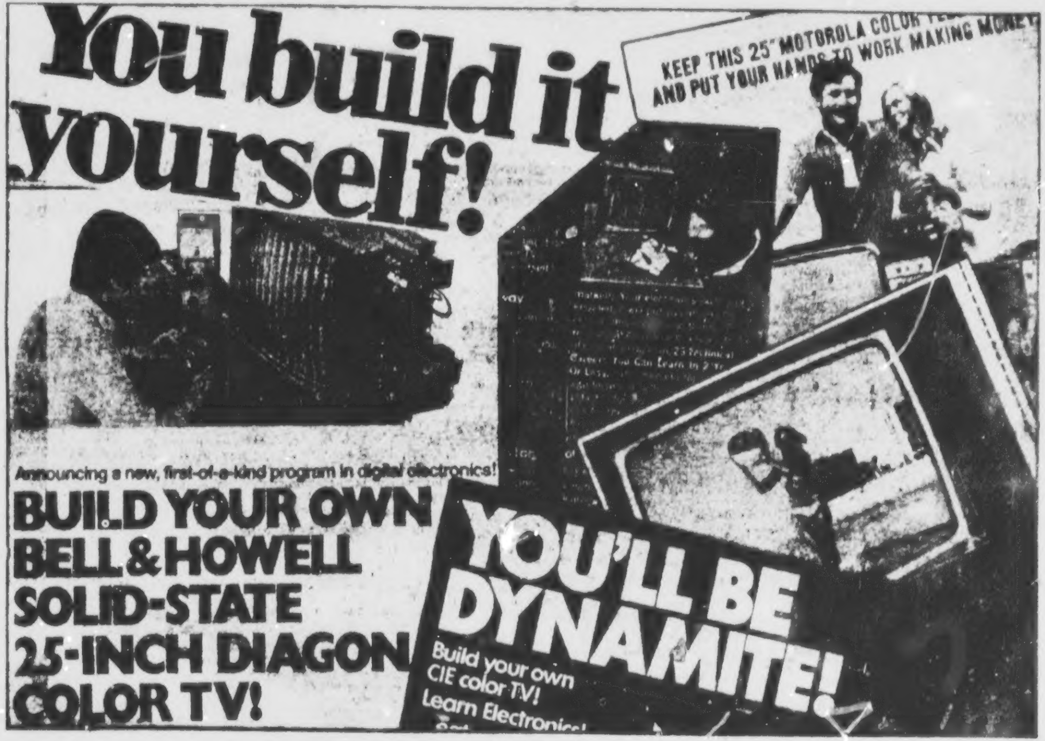
The panel expressed concern about the proliferation of such ads in national magazines. It singled out certain correspondence school ads which "suggest in a variety of subtle and not so subtle ways that enrollment in the course (which typically costs about $1,500) will enable the veteran to obtain valuable merchandise such as a 25-inch color television set which the veteran can assemble in his spare leisure time, and which is principally to be paid for by the Veterans Administration."

A second Senate-approved provision would bar GI Bill benefits for enrolling in courses offered by any school that uses "erroneous, deceptive or misleading" advertising, sales or enrollment practices. This provision would also require VA to enlist the Federal Trade Commission's help in investigating such practices, and to treat a final FTC cease-and-desist order against a school as conclusive evidence for barring GI Bill enrollments in its courses.

The third provision would require schools enrolling students in any vocational courses under the GI Bill to show that at least 50 per cent of their recent graduates were employed in "the specific occupational category for which the course was designed to provide training."

Senate and House conferees were expected to meet this week to resolve differences between their two versions of the bill. The House measure, passed Feb. 19, lacks these new safeguards against school abuses and provides more limited improvements in benefits. The Senate passed its version last Wednesday.

Garnetta Jones wires a switch in the McGraw Hill assembly room.


You build it yourself!
KEEP THIS 25" MOTOROLA COLOR TE
AND PUT YOUR HANDS TO WORK MAKING MONEY
Announcing a new, first-of-a-kind program in digital electronics!
BUILD YOUR OWN BELL & HOWELL SOLID-STATE 25-INCH DIAGON COLOR TV!
YOU'LL BE DYNAMITE!
Build your own CIE color TV!
Learn Electronics!

Collage of advertisements used to attract students to profit-making correspondence schools. Color-television technology is heavily promoted.

For Thousands, Accreditation Has Spelled Deception

Last in a series

By Eric Wentworth
Washington Post Staff Writer

Back in the 1960s, an outfit calling itself Citizens Training Service, Inc., set up shop in Danville, Va., and took in nearly $1 million selling bogus correspondence courses before being shut down for mail fraud.

A North Carolina farmboy with only a sixth grade education was one of its 10,000 victims, who were assured the courses would get them Civil Service jobs. A 71-year-old woman already past normal Civil Service retirement age was another.

To avoid a fleecing, consumers these days are advised to sign up only with schools accredited by a government-recognized trade association. Thus the Council of Better Business Bureaus recommends, "One of the best and easiest ways for you to protect yourself when selecting a school is to see if the school is accredited."

And both the Federal Trade Commission in a consumer education brochure and the Veterans Administration in a bulletin on correspondence courses state that accredited schools necessarily meet the minimum standards of their respective associations.

Given such advice, consumers may predictably assume that all accredited profit-seeking schools will treat them fair and square. Recent experience, however, has repeatedly shown that the present accrediting system keeps consumers in the dark about school abuses that could victimize them.

True, the trade groups' accrediting commissions have fostered generally higher standards of teaching, physical facilities and business practices than would be likely to exist in their absence.

But still they have failed, in case after case, to protect young consumers from being enticed into debt with federally insured student loans by schools that short-change them, or from wasting their GI Bill benefits on costly, blind-alley correspondence courses.

For thousands of veterans and other consumers, accreditation has in fact spelled deception.

Accrediting Groups

The accrediting groups to which the U.S. Office of Education grants formal "recognition" and delegates many regulatory duties aren't solely to blame, however. They are only part of a mixture of public and private agencies that are supposed to be watching out for consumers' interests. These agencies have generally scanty resources, restricted powers, misplaced priorities, conflicting interests and often mutual suspicions.

"The blame for this situation cannot be directed in any one direction," Judith Roman of the Greater St. Louis Better Business Bureau asserted after the collapse of Technical Education Corp. last fall stranded thousands of students. "In fact, it is the very nature of the program which diffuses the guilt.

"The individual schools are guilty, of course," she continued. "But, they are accredited and those accrediting commissions are responsible for policing the schools and their policies to maintain standards.

"If the accrediting agency fails short, then it is the responsibility of the Office of Education to remove that agency from their approved list."

Accreditation of education's profit-seeking sector is largely in the hands of three groups, each of which accredits — and counts as members — only a fraction of the schools in its field. They include the National Home Study Council, which accredits about 160 correspondence schools, the Association of Independent Colleges and Schools, which accredits about 500 schools largely in the business-secretarial field, and the National Association of Trade and Technical Schools, which accredits about 400 schools teaching everything from computer programming and welding to fashion merchandising. (Since some companies own numerous schools, these totals overstate the number of school owners.)

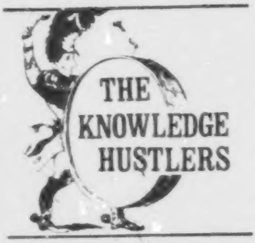
The possibly 600 correspondence schools, 700 business-secretarial schools and 3,000 trade and technical schools which aren't accredited may be worse — or in some cases better — than accredited institutions.

Unaccredited schools may be too new to qualify, may have sought accreditation and so far failed, may have held accreditation and then lost it, or — since it's a voluntary system after all — may have simply wanted to avoid the fees, red tape and restrictions that accreditation entails.

For those who want it, accreditation has a number of advantages. It's a mark of respectability helpful in recruiting, especially since consumers are advised to rely on it. In many states, accreditation brings eligibility for GI Bill enrollments with fewer restrictions — as well as exemption from some or most state licensing regulations. And, with some exceptions, accreditation is a requirement for enrolling students under the federally insured loan program.

Double Roles

The three industry groups play double roles. On the one hand they are trade associations, protecting and promoting their members' images and interests on Capitol Hill, with various federal and state agencies, and wherever else they can be helpful.



On the other hand, to perform accrediting functions, they have created commissions which operate with somewhat tenuous independence. The commissions are charged with enforcing numerous standards which — on their face — appear to go far toward assuring that accredited schools are educationally sound, financially stable and ethical.

Unfortunately for consumers, however, too many accredited schools have ignored, distorted or defied these standards — and gotten away with it for months, even years.

When federal auditors last year challenged the president of Technical Education Corp., Charles R. Johnson, for failing to abide by National Home

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Study Council refund standards, Johnson insisted those standards were mere "recommendations" which his school could — and did — reject.

Practically all the school problems described in these articles in fact developed at accredited schools.

The basic problem: industry accrediting groups are neither inclined nor properly equipped to act as policemen despite the regulatory responsibilities they've had delegated to them.

"Accreditation," said William A. Fowler, National Home Study Council executive director, "is not really designed for day-by-day enforcement of individual rules."

"We would rather be helping schools to upgrade their programs," explained Dana Hart, executive secretary of the Association of Independent Colleges and Schools' accrediting panel, "than telling them what not to do."

To consumers and other outsiders, a school either is or isn't accredited. From the vantage point of the accreditors, however, matters are less clear-cut.

Stipulations Apply

Bernard H. Ehrlich, counsel for both the home-study and trade-and-technical groups, said many schools are "accredited with stipulations" — conditions based on sometimes serious deficiencies which they are told they must satisfy to stay accredited. "If you try to explain this to the public," Ehrlich insisted, "how would the public understand?"

All three groups have procedures, both formal and informal, for handling problems that arise with accredited schools. If a complaint from a student or one of the school's competitors seems minor, an accrediting-group official may try to work things out with a phone call or letter. When the problem appears serious, particularly when the Office of Education wants action, the accrediting commission may launch a formal — and confidential — investigation.

Investigations typically include inspecting the problem school with a team comprising officials from other schools and an accrediting group representative. Depending on the team's makeup and other circumstances, such inspections may be searching or superficial.

A federal official who accompanied one National Home Study Council team's visit to a problem school on the West Coast last year reported finding the team inadequately briefed on what to look for, one member arriving hours late, the school's required self-evaluation report "totally inadequate" and the inspection's five-hour duration insufficient.

Many months may elapse from the time an accrediting commission launches an investigation until its final decision to withdraw a school's accreditation. The Home Study Council's commission, for example, decided to investigate Technical Education Corp. in May, 1973, after learning from the Office of Education—which had suspended insuring its students' loans — that the St. Louis school was in trouble.

Inspection Team

But commission procedures allowed Technical Education time to prepare and submit its self-evaluation report and pay the inspection fee. Hence, the inspection team's visit wasn't scheduled until October.

It was too late. The day before the visit, Fowler recalled, the Home Study Council got a phone call from St. Louis. Technical Education — out of cash — had collapsed. Two days later, at a hastily called meeting, the accrediting commission accepted the school's resignation from accreditation to prevent further delays in decision making.

At least the home study accreditors' investigatory wheels had been turning. William A. Goddard, executive director of the trade and technical schools association which also accredited Technical Education, said he hadn't been aware that the school was in trouble before it closed.

"The last financial statement we got from them was not the strongest," Goddard said, "but it indicated the school would last. . . . This was one of the schools we thought we knew."

The three accrediting groups, while relied on by the Office of Education to regulate their schools, are nonetheless private agencies subject to all sorts of legal constraints. This was dramatized four years ago when Macmillan, Inc. (then Crowell Collier and Macmillan) sued the Home Study Council.

The giant publishing concern claimed that the council had violated due process by denying reaccreditation to its six correspondence schools—among them LaSalle Extension University—and by publicizing the denial. Macmillan also challenged the Office of Education for rceognizing and delegating duties to a trade association.

The case was settled out of court. Macmillan set about upgrading its educational programs, while the Home Study Council agreed to continue the schools' accreditation and revise its own procedures. Though the council and its accreditors were thus spared prohibitive legal costs, the public lost a chance for court rulings on some basic issues.

Macmillan Suit

The Macmillan suit, other legal challenges to accreditation and pressure from the Office of Education led all three accrediting groups to build more due process into their decision making. They developed provisions for school owners to respond to charges, for hearings, for appeals—and for bans on publicity until a final decision to withdraw a school's accreditation.

These provisions, as followed today, tend to protect school owners from ill-considered decisions, protect accrediting groups from more frequent lawsuits, protect the Office of Education's continued reliance on private accreditation—and leave student consumers more in the dark than ever, over longer periods of time, about serious school problems.

"If we were free from legal liability," said Richard A. Fulton, executive director of the Independent Colleges and Schools Association, "we would be delighted to run up the flag and say we're investigating the problems of X, Y and Z schools." Fulton conceded, however, that his group has never sought such immunity.

Even when an accrediting body does withdraw a school's accreditation, it holds publicity about the decision to a minimum. "It's not up to us," Fulton insisted, "to put the scarlet letter on the forehead of a school."

Often schools which have their accreditation withdrawn have already gone out of business anyway. Opinions differ on whether withdrawal can be fatal to those still operating, but certainly schools heavily dependent on federal student aid are hard hit when withdrawal costs them their eligibility. In any event, accreditors generally appear more inclined to prod away at a school in hopes it will eventually clean itself up than to use their ultimate weapon and kick it out of the club.

If the accrediting groups could be more aggressive in protecting the consumer, so could the Office of Education. In its statutory role of "recognizing" individual accrediting groups, the Office of Education occasionally has shown as much tolerance toward their shortcomings as they have shown toward accredited schools.

The federal agency's accreditation staff, while well-intentioned, is short of people and overwhelmed with paperwork. It must screen applications for initial or renewed recognition, provide staff services to a committee advising the education commissioner, and try as best it can to monitor some 50 recognized accrediting bodies.

Handling Complaints

Practical necessity, then, as well as legislative authority has led staff director John R. Proffitt and his aides to depend heavily on the accrediting groups to handle complaints against individual schools and enforce standards generally.

While the Office of Education has prodded an accrediting group to remedy lapses in performance—such as a serious conflict-of-interest episode in the Association of Independent Colleges and Schools—its dependence is such that it has never used its power to revoke a group's recognition.

One well-versed critic has called this symbiotic relationship an "unholy marriage," dangerous to both parties, failing adequately to protect the public and student interest while endangering the independence of accrediting agencies.

Down the hall from Proffitt's staff, the Division of Insured Loans has also mixed good intentions with mediocre performance in protecting student borrowers. Division officials have become increasingly concerned over the past three years about accredited profit-seeking schools which have abused the insured loan program at students' expense.

At the outset these officials understood that so long as the schools kept their accreditation they remained necessarily eligible for insured loans. To remedy that Congress in 1972 gave the Office of Education authority to audit schools and to limit, suspend or revoke their insured-loan eligibility.

Yet nearly two years later, the Office of Education still hasn't published the regulations required to exercise that authority.

Suspended Insurance

Meanwhile federal officials have resorted to several ad hoc devices to curb predatory recruiting, wrongful withholding of refunds or other school abuses. For one, they have suspended some schools' authority to make insured loans to their own students.

For another, they have gone further and suspended insurance on loans from any lender for students at a given school, intended to force the school owner to clean up his operations. This device in some cases has dried up the school's cash flow and driven it out of business, stranding students with unfinished educations and no hope of refunds, yet still with loans to repay.

According to Technical Education's Johnson, it was the Office of Education's suspension of loan insurance which "broke us."

Federal insured-loan officials had a more promising approach going for awhile. When a school's recruiting tactics aroused suspicion, they would send questionnaires to individual student loan applicants the school was enrolling. In numerous cases, the applicants, if they replied at all, proved ineligible, unaware that they would be going into debt, or misinformed about their eventual repayment obligations. Many would cancel their loan applications and pull out of the school.

In a case two years ago involving 20 young people recruited for International Business Academy in Oklahoma City, questionnaires brought no response at all from 11 and canceled applications from four others. Further checking showed another student was still in high school and thus ineligible, and two more were high school dropouts unlikely to succeed in the training.

Predictably, some school owners complained angrily about the questionnaires—a lawyer for one called them "heavy-handed"—and last fall the Office of Education abruptly told its regional offices to stop using them. Someone, it seemed, had convinced Office of Education officials in Washington that they were breaking the rules since the questionnaires didn't have proper bureaucratic clearance and were being used only selectively—that is, against certain schools.

Fresh Questionnaire

Soon afterward, a top official in the Office of Education's insured loans division said his staff was working on a fresh questionnaire and would seek proper clearance to use it. More than six months later, that project was still hanging fire.

For their part, various spokesmen for the profit-seeking school industry criticized the Office of Education for being inconsistent, confusing, uncommunicative or even devious—as when, they assert, loan applications submitted for insurance approval mysteriously "get lost in the computer."

Elsewhere in the government, the Federal Trade Commission has been relatively aggressive in policing the school industry. Two years ago, after extensive hearings, the FTC laid down "industry guides" defining what it considered unfair or deceptive in advertising, recruiting and related school practices. About the same time, it issued proposed complaints against some industry giants—Lear Siegler, Control Data and Electronic Computer Programming Institute.

Last August, the FTC launched a nationwide media campaign to help consumers recognize and escape school abuses. And in hopes of laying out further rules—on refund policies, for example—it has continued investigating industry problems.

Still, when it comes to enforcement activity, the FTC's investigations have been necessarily tedious, its proceedings ponderous, and its penalties limited. While its case against Lear Siegler is still pending, for example, the company—for unrelated reasons, officials say—has nearly finished selling off all its schools.

The Veterans Administration, responsible for the multibillion-dollar GI Bill program, is required by statute to delegate most supervisory duties to "state approval agencies"—which vary considerably in staffing, other resources and diligence.

While VA supervises as well as subsidizes these state-level surrogates, and spot-checks schools to some extent itself, there is little evidence that "Approved for Veterans" protects consumers any better than accreditation.

State governments, for their part, have school licensing or approving agencies of their own. They too and whatever laws they have to enforce are a study in contrasts. Some states, like Florida and Texas, aroused by past profit-school scandals, provide relatively effective regulation. Others such as California have laws flawed by loopholes, and still others have practically no regulation at all.

The Education Commission of the States sponsored a task force's development of model state legislation last year. It hoped to encourage a more even and effective level of state-by-state regulation. But Indiana's Joseph A. Clark, who heads the new National Association of State Administrators and Supervisors of Private Schools, said his group would come up with a different and better bill.

Regulatory Crazy Quilt

Washington Post interviews with federal, state and accrediting-group officials throughout the existing regulatory crazy quilt repeatedly encountered disagreements, distrust and mutual criticism: Office of Education officials who look down on VA's state approving agencies, FTC officials who find the Office of Education paper-bound and lethargic, state officials who scorn the accrediting groups while resenting FTC incursions on states' rights, accrediting officials who consider the Office of Education inconsistent or indecisive, and the like.

Such discord, among people supposedly sharing to some degree the same broad objectives—good schools, satisfied students and well-spent tax money—dramatize the political obstacles to improving the system.

Improvements, however, are badly needed. While specific remedies are open to debate, the general needs include these:

- A far higher priority, among all concerned, for protecting student consumers.
- More aggressive, methodical monitoring of school marketing practices, financial stability and other matters in which consumers have a stake.
- More timely and effective enforcement of government regulations and accrediting standards—and in the case of the accrediting commissions, open rather than secret proceedings.
- For correspondence schools, a requirement that GI Bill benefits be spent on educational essentials rather than extravagant color television sets and other window dressing.
- And for the insured loan program, relief from debts when student borrowers have been defrauded or shortchanged.

By Douglas Chevalier—The Washington Post

John R. Proffitt: a heavy dependence on accrediting groups.

Senator PELL. Now, before getting into these questions of abuse, we want to find out what the system is. I want to educate myself and my colleagues a little more on it.

As I understand it, accreditation has traditionally been used as a measure of the educational quality of an institution.

Now, do you feel that as an adequate basis for eligibility of Federal programs that quality alone be thought about, or should other factors, such as fiscal stability, or responsibility be cranked into the judgement on an equal basis?

Mr. HERRELL. Let me ask Mr. Proffitt to answer that, Senator Pell. He is directly involved with this particular subject.

Senator PELL. The question I am talking about is: should an institution, when it is on its last legs, and about to collapse, be permitted to enroll students under Federal assistance programs when it realizes those students probably will not be able to finish out the year?

Mr. PROFFITT. Senator, this is a point that is really very central to many of our problems. I think you have identified a very important issue here.

The matter of fiscal stability of institutions is reviewed by all accrediting agencies that do accomplish institutional as opposed to programmatic education. We try to keep track ourselves of any rumors or rumbles or earthquake vibrations regarding fiscal stability of institutions.

We often pick up soundwaves directly through our own sources. We often pick them up from the accrediting agencies. When we pick them up from channels outside of the accrediting mechanism, we then contact the accrediting agency involved to see if they have heard of the same kind of problems.

So fiscal stability, financial viability, is very much in the picture. The problem here is that an institution's financial distress is not presently a cause for our being able to terminate the eligibility for funding participation of that institution. Rather, eligibility is contingent upon an institutions accredited status, and OE cannot withdraw eligibility until the accrediting agency gives notice of having removed the accredited status of the institutions.

Now, of course, once that takes place, and there is a procedure that the accrediting agencies have to move within, which usually takes longer than we would like to see of it, but once the accrediting agency does act, then the institution will close its doors and go out of business generally.

What often also happens is that once the institution which is in financial trouble becomes aware that both the Office of Education and the accrediting agency knows of this matter, they will then close their doors and often walk off with whatever assets they have in their pocket.

What would be very needed here would be something which we do not have, and that is direct Federal ability to address this matter directly, rather than necessarily going through the accrediting agencies.

Senator PELL. I think you already have this authority for the guaranteed student loan program. Under section 438, Public Law 92-318, the commissioner is authorized to issue such regulations as may be necessary to provide for fiscal audit of an eligible institution, the establishment of reasonable standards and financial responsibility, and the appropriate institutional capability, and elimination and suspension of eligibility under this part of any otherwise eligible institution.

You do have this authority for guaranteed student loan.

Mr. PROFFITT. Yes, sir. Those regulations should, as Mr. Herrell mentioned, receive their first publication within the next 30 days.

What we have under consideration is the possibility for broadening that ability so that we can apply it to other funding programs as far as student aid is concerned.

Senator PELL. Is that not rather a long time? It has been more than 2 years since this law was passed.

Mr. HERRELL. Mr. Chairman, as you know, the Education Amendments of 1972 was a massive piece of legislation, which included a section requiring that regulations be forwarded to the respective committees for all programs in the Office of Education.

So it was our determination that it would be better to get the regulations out for those programs for which money was made available, and put this one in lower priority, not that it was not

Mr. HERRELL. As we indicated in the letter to Senator Brooke, that had to be done during this period of time.

It is quite true that we are late, and for that I apologize.

Senator PELL. Because this is one that would protect both students and the taxpayers and the Government, which I think is just as much of a priority as getting the money out, because it provides for the protection of the students.

Would you like to see this regulation, or this section of law enlarged to include all the programs? I should think that would be helpful.

Mr. HERRELL. As we indicated in the letter to Senator Brooke, that was one of the legislative areas which should be considered, whether to broaden the existing authority to limit, suspend, or terminate eligibility of a participating school in the guaranteed student loan program to encompass other Federal aid programs.

The question, Senator, is one whether or not we want the Office of Education to become a regulatory agency, and that is the question that has to be answered, because as you know, under the General Education Provisions Act we cannot interfere with the administration, et cetera, of education institutions.

I think that these recommendations that are going to be sent up in reference to 438(a), the guaranteed loan program, will be very controversial, and there will be a lot of comment. We intend to have a series of meetings throughout the country during the 45-day-comment period.

Senator PELL. Right. I appreciate that.

My own reaction, or view, is that after we have had these hearings, with the conclusions that are being derived from them, we ought to crank this authority up to a wider basis for all the Government student aid programs, in the next rerun of higher education, which, alas, is coming on in a year. So we will try to enlarge it then.

What role did OE play in the development of the consumer-protection regulations concerning proprietary schools that the FTC recently circulated?

Mr. Herrell. We were very definitely involved with the Federal Trade Commission in their proposed rule changes relative to educational consumer protection, and we are now in the process of reviewing the rule changes to develop an Office of Education policy statement on them.

Mr. Proffitt. Senator, we opened our files completely to the Federal Trade Commission staff so that they could come in and look at the kind of complaints which we have received, and in general review anything that they wished to review.

We held a number of meetings with their people as they were developing those rules and regulations, and attempted to be supporting of them in every way.

I am not sure that the Office of Education is going to come out in agreement with them at every point, but the point is that we have worked very closely with them.

Senator Pell. You know that more than 300 unaccredited vocational schools participated in the guaranteed student loan program. What criteria are used for determining their eligibility in view of the fact they are unaccredited?

Mr. Proffitt. Under the statutes, if there is no recognized accrediting agency for certain categories of private vocational schools, the Commissioner is authorized to have an advisory committee develop standards under which they will be brought into a eligibility status.

The Commissioner also authorized to recognize State agencies for this purpose.

In this particular case we used a combination of techniques. We had an advisory committee review the standards and procedures of State approval agencies throughout the United States. Where the committee determined that the State agencies performed at a sufficiently high level, the Commissioner folded into eligibility status the schools approved by those State agencies. Eighteen State agencies were initially included in the determination. The number later grew to 21.

Initially this included, I think, several thousand private proprietary schools, but as time went along, accrediting agencies have been recognized for some of these fields like trade and technical education, cosmetology, and so forth. Once an accrediting agency is recognized the nonaccredited eligible private vocational school is given 5 years to become accredited in order to maintain its eligibility status.

We are now down to the figure you cited as opposed to a much larger figure.

Senator Pell. Do you see any possibility of whittling that figure down to zero?

Mr. Proffitt. Well, what we see is it will diminish very definitely. Some of those schools are under mandate now to become accredited within a certain period of time in order to maintain their eligibility status. It will be whittled down at least in half, and probably below 100, within the next 1 or 2 years.

There is the possibility of broadening the so-called Mondale Amendment to the Education Amendments of 1972, so that additional State agencies which approve or accredit private vocational schools would be added to the Commissioner's list. This would provide a new element of review and evaluation, which would in time probably add more private vocational schools to our eligibility list, but maintain that very important element of substantive qualitative oversight, whether by private or State agency.

Senator PELL. How many State agencies have been given an accrediting role under the Mondale Amendment?

Mr. PROFFITT. Under the Mondale Amendment, eight have been recognized to date. Later this month we have several more State agencies which will be reviewed for recognition purposes and several more coming up for review and possible recognition in December.

Senator PELL. Would you be kind enough to submit for the record the list of those eight, and also a list of those that are candidates for approval this calendar year?

Mr. PROFFITT. Yes, sir.

[The material referred to and subsequently supplied follows:]

STATE AGENCIES FOR APPROVAL OF PUBLIC POSTSECONDARY VOCATIONAL EDUCATION RECOGNIZED TO DATE

Colorado State Board for Community Colleges and Occupational Education.
Florida State Board of Education.
Iowa State Board of Public Instruction.
Kentucky State Board of Education.
Minnesota State Board of Vocational-Technical Education.
Montana Board of Public Education.
New Mexico State Board of Education.
New York State Education Department.

STATE AGENCIES FOR THE APPROVAL OF PUBLIC POSTSECONDARY VOCATIONAL EDUCATION WHICH ARE SCHEDULED FOR REVIEW DURING THE REMAINDER OF CALENDAR YEAR 1974

Arkansas State Board for Vocational Education.
Indiana State Board of Vocational Technical Education.
Pennsylvania State Board of Education (for practical nurse education only).

Senator PELL. The Mondale Amendment, if my recollection is correct, covers only public institutions.

Mr. PROFFITT. Yes, sir.

Senator PELL. Do you see the accrediting process being broadened to include private proprietary institutions or not?

Mr. PROFFITT. Yes, sir, we believe that this should definitely be considered.

Senator PELL. In 1972, at the request of the administration, the Congress gave OE the authority to remove an institution's eligibility to participate in guaranteed student loan program for failure to carry out any prescribed regulation.

It is my impression that no regulations have been issued to implement this section of the law as well as others. What is the reason for that?

Mr. HERRELL. As I have indicated, Senator, the regulations will be forthcoming within the next 30 days. I also further indicated that they will be highly controversial pieces of regulations that will be reviewed and commented on during the 45-day period.

Senator PELL. This is a wider question than the one we covered recently, the one that concerns specific nature of eligibility under section 438.

Along this line I would like to ask how many programs authorized under the 1972 acts have yet to have regulations prescribed to carry them out?

Mr. HERRELL. Senator, I will have to furnish that information for the record. I do not have that information at hand, as to what regulations we have not submitted up to this time.

Mr. COOKE. Senator, we can submit that for the record, a detailed list of those we do not have out, and the ones we have gotten out, and a timeframe and all of that. We do not have it with us, but we will be glad to do it.

[The material referred to and subsequently supplied follows:]

CHART II.—REGULATIONS STATUS, PUBLIC LAW 92-318, EDUCATION AMENDMENTS OF 1972

Program	Expected date of publication of proposed regulations	Date first published as a proposed regulation	Expected date of publication as a final regulation	Date published as a final regulation
Office of Education:				
Education Professions Development Act, Public Law 90-35, part D, section 532, teachers for Indian Children	Dec. 30, 1974			
Vocational Education Act, Public Law 90-576—1963, section 108(1), amendment to definitions		July 24, 1974	Dec. 15, 1974	
Cooperative Research Act, Public Law 83-531 as amended, Right-to-Read:				
Teacher preparation				June 20, 1974.
State grants	Nov. 30, 1974			
School based		Sept. 19, 1974		
Community based	Jan. 30, 1974			
Adult academies	Dec. 16, 1974			
General Education Provisions Act, section 404, Fund for the Improvement of Postsecondary Education	Nov 20, 1974			
Indian Education Act, Title IV:				
Part A				July 6, 1973.
Part B				July 24, 1973.
Part C				Do.
HEA, Title IV-A-1-Basic Educational Opportunity Grants	Nov. 22, 1974			
HEA, Title IV-A-2-Supplemental Educational Opportunity Grants		Mar. 6, 1974	Oct. 28, 1974	
HEA, Title IV-A-3-Grants to States for State Student Incentives				May 31, 1974.
HEA, Title IV-A-4-Special Programs for Students from Disadvantaged Backgrounds				May 24, 1974, and May 31, 1974.
HEA, Title IV-A-5-Section 420-Veterans' Cost of Instruction Payments.				May 3, 1974.
HEA, Title IV-A-5 Section 438-Eligibility of Institutions.		Nov. 30, 1973		Aug. 20, 1974.
HEA, Title I, Section 106-CSCE-Special Programs and Projects.				Apr. 12, 1974.
HEA, Title IV, C—Work-Study Programs				May 13, 1969 (amended May 17, 1974).
HEA, Title IV, D—Cooperative Education Program	Dec. 6, 1974			
HEA, Title IV-E—Direct Loans to Students				Sept. 29, 1960.[1]
HEA, Title VI-A—Financial Assistance for Improvement of Undergrad. Instruction-Equipment.				Apr. 9, 1974.
HEA, Title VII—Construction of Academic Facilities				July 23, 1974.
HEA, Title IX—Graduate Programs-A-Grants to Institutions of Higher Education.				Aug. 29, 1960.[1]
ESEA, Title IX—Ethnic Heritage				Apr. 12, 1974.
Emergency School Aid Act, Title VII				Feb. 6, 1973.
National Institute of Education:				
Educational Research Development Grants, (General Provisions) Public Law 92-318.		Jan. 8, 1973		Nov. 1, 1974.
Field Initiated Studies Programs, Public Law 92-318				Jan. 29, 1973.
Research Grant Program, Public Law 92-318				May 3, 1974.

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[1] This program, prior to Public Law 92-318, was called the National Defense Student Loan Program, Title II, NDNA and is operating on the prior regulations. The regulations will be revised during fiscal year 1975.

Senator **Pell.** An unaccredited degree granting institution can become eligible to participate in Federal programs if it can get three letters from accredited institutions that its credits are acceptable to them, while a nondegree granting institution does not have this alternative, and is perhaps captive of the accrediting association.

Do you believe there should be some alternative to accreditation that should be available to nondegree granting institutions?

Do you understand the question?

Mr. **Proffitt.** Yes, sir.

Insofar as nondegree granting institutions are concerned, we have the question of alternatives very much under consideration.

At the present time our study leans in the direction, or our discussion leans in the direction of the fact that there are very few viable alternatives to accreditation for private vocational schools, the one exception being the State approval agencies, which in the few cases do operate on a substantive basis and would provide a viable alternative.

We obviously are not enchanted with the idea of turning to alternatives which do not provide substantive protection.

Senator **Pell.** I think rather than widening the accreditation process, the effort should be in the direction of tightening, even though abuses might be justified by making more education available to more people. However, it has now increased so much that I think we must be very careful in this regard.

I know I am concerned particularly with the proprietary schools. I have seen in the press allegations of an improper relationship between me as chairman of this subcommittee and proprietary schools.

Yet, I have always believed that the important thing is to have more youngsters educated in order to make a living, as well as in the liberal arts, but when the cases of abuse are too many, then it is up to the Government, I think, to crack down very hard.

I, through my counsel, issued warnings to the ACIS, that they have to jack up their standards, or else they will find that the requirements will get very rigid. If this happens a lot of the youngsters may not be getting any nonliberal arts postsecondary education. This must not be allowed to happen, either.

In this regard there are various new programs to grant degrees outside of what we call the normal higher education forms.

I read in one of the magazines, in the Phi Delta Kappan, a series of articles on the Nova University program which grants its degrees while people continue to live their normal life.

It seemed a very meritorious idea, but I was left, after reading both sides of the debate, with the feeling that it was really a bit of a rip off on the various superintendents of schools who were taking this program, and that basically a superintendent who had that kind of a degree probably did not have the same job eligibility that a student with a Ph. D. from one of the more established institutions had.

What is your own view with regard to the degrees?

Mr. **Proffitt.** Well, Senator, you have just thrown me in the midst of one of the raging whirlpools in academia. What we have here is an attempt on the part of the higher education community to move forward and try to address progressively new needs in our society.

However, when you have a step forward, shall we say, in education like this, you inevitably have all kinds of wolves hanging around the flanks of the moose herd.

We see many entrepreneurs actively at work getting in on the so-called external degree movement by essentially offering fraudulent degrees. Some of our own educational entrepreneurs have been going abroad and setting themselves up in England, and right now giving English authorities many headaches, by offering fraudulent or questionable degrees, shall we say, in England to Europeans and to Americans. But there are a number of educational programs, institutions that are not accredited, which are attempting to market, and are marketing degrees to people in their midcareers, principals, superintendents, so forth. Basically speaking, those individuals take a great risk in pursuing those educational programs.

The matter of Nova University falls in a different category. It is not within the purview of the Office of Education, or any Federal agency, to make a judgment about that institution, or similar institutions, but I would note that it does hold status in the Southern Association of Colleges and Schools, which is the recognized accrediting agency for the southern area. The Southern Association is attempting to keep very close tabs on what goes on at Nova and other similar universities there.

We have similar universities in other parts of the country also. The Southern Association, you may be interested in knowing, will be sending up a team to Nova University this fall for a major review, and we have requested the opportunity to send one of our staff observers along on that visit to see the interaction, and to see how Southern deals with a so-called innovative institution.

Thus there is no final answer to the issue which you have raised. Our best hope is that the accrediting agencies will deal soundly with these programs or institutions which purport to be innovative, and that they will make the appropriate judgment which will be in the nature of allowing viable educational institutions and programs to go this direction. At the same time we hope that they will be hard-nosed enough to come down hard on those institutions which are offering less than sound degrees and which tend to victimize individuals.

Senator PELL. Maybe part of the fault is the degree consciousness that our country has, where you have a degree it is practically a union card for certain degrees of teaching.

Mr. PROFFITT. Our society is afflicted at times, I think, by rampant credentialism. It is a societal impulse, and the educational community is only part of that structure, because the desire for credentialing comes out of other elements of this society.

Senator PELL. Perhaps, eventually, we will get to be like Germany, where if you have three doctorates, you are called Doctor Doctor Doctor Crawford, which would give an incentive to institutions like Nova to keep going.

Mr. PROFFITT. I would hope not.

Senator Pell. Do you believe an accrediting agency has the responsibility to carry out the Federal mandates for affirmative action with regard to opening up the colleges for blacks and teaching jobs to women and things of that sort?

We are giving HEW this responsibility by law to move ahead.

Do you think it is proper that, in turn, it be delegated to accrediting agencies, or should the Agency retain the powers yourself?

Mr. Proffitt. I would say that the responsibility for administering the law, affirmative action and other similar areas, rests with the Federal Government. Therefore, the role of the accrediting agency is not that per se of enforcing the Federal statute or affirmative action in this case.

However, accrediting agencies have been criticized for ignoring this whole matter of discrimination through the years. The question was legitimately posed as to whether or not discrimination does adversely affect the quality of education.

Then, it goes back to the various conceptions of quality in education which are operative at the time, or which will be operative at the end of this decade and into the next.

We take the position that accrediting agencies should concern themselves with the matter of discrimination within the context that it may adversely affect the quality of education.

Senator Pell. Returning for a moment to the specific question of those proprietary schools who had misbehaved, what specific action have you been able to take in order to reduce the number of instances?

As you know, in my part of the country, not in Rhode Island but in Boston, a good many cases of this sort, were discovered, have you been able to take any action the past few months that would tighten this up?

Mr. Proffitt. Well, our action has been on several areas.

We have for sometime been developing our ideas regarding needed legislative changes in the area of eligibility which would provide the Office of Education additional ability to deal with this kind of institution. We do this through the backdrop of our own handling of complaints from students and the public which tend to give us certain raw data and a first-hand account from affected parties.

So far as the Boston Globe matter is concerned, we have asked all of the schools quoted or mentioned in their articles to respond to allegations contained in the articles, and we have asked the accrediting agencies involved to give us their assessment of the picture. That has been completed now, and we have evaluated their responses.

Next week we will be sending a team of our own people to Boston to meet with State authorities, Federal regional office authorities, and appropriate school officials, after which we will prepare our own comprehensive report which will go to the Commissioner's Advisory Committee and to the Commissioner.

We hope to have some very specific recommendations out of this total review.

Senator Pell. Maybe you could submit—since these hearings will be open for a couple of weeks—maybe you could submit the results of your inquiries and your recommendations for action, or your course of action, to us in a sort of supplemental statement to today's hearing.

Mr. HERRELL. Very happy to do it.

Senator PELL. Do you have any other statements, any of you, which you care to make?

Senator Kennedy and various others of my colleagues may have questions they will submit in writing.

I thank you very much for being with us today.

Mr. HERRELL. Thank you, Mr. Chairman.

[The prepared statement of Mr. Muirhead for the Administration along with additional material subsequently supplied follows:]

FOR RELEASE UPON DELIVERY

Statement by
Mr. Peter P. Muirhead
Deputy Commissioner
Bureau of Postsecondary Education
U.S. Office of Education
Department of Health, Education, and Welfare
Before the
Special Studies Subcommittee
Committee on Government Operations
House of Representatives
Wednesday, July 17, 1974
2:00 p.m.

Mr. Muirhead is accompanied by:

Mr. Charles M. Cooke, Jr., Deputy Assistant Secretary for Legislation (Education), DHEW

Mr. John R. Proffitt, Director, Accreditation and Institutional Eligibility Staff, Bureau of Postsecondary Education, USOE

Mr. James W. Moore, Acting Associate Commissioner, Office of Guaranteed Student Loans, Office of Management, USOE

Introduction

Mr. Chairman, Members of the Committee, I want to thank you for the opportunity to present this statement to you.

My statement is divided into three major sections. First, I will sketch for you an overview of Institutional Eligibility determination by the Office of Education as it pertains to funding programs for postsecondary educational institutions.

Then, I will move to a discussion of accreditation as it relates to Institutional Eligibility for Federal funding programs.

And finally, I will review the strengths, weaknesses and problem areas which we perceive in the present system for Institutional Eligibility determination - a system which stipulates heavy reliance upon accreditation of educational institutions and programs by private organizations that have no legal responsibility to the Federal government.

Included as portions of my statement are several informational attachments. These include:

1. An eligibility checklist, or chart; and
2. A list of Governmental and Non-Governmental uses of accreditation;
3. List of accrediting agencies recognized by the Commissioner of Education.

Overview of Institutional Eligibility Determination

Passage of the Higher Education Act and related statutes in 1965 that year launched the need for the Office of Education to determine, compile, and prepare lists of institutions eligible to participate in various Federal education programs established under the Act.

Culmination of the efforts may be seen in the list of over 8,300 institutions cited as eligible to participate in the largest and most broadly based Office of Education program of aid to students: the Guaranteed Student Loan Program, also called the Federal Insured Student Loan program. This program activity currently is providing Federal, State, or nonprofit guarantees to lenders in behalf of nearly seven million separate student loans for nearly seven billion dollars.

To assist with identifying and creating this list of more than 8,300 eligible institutions, the Accreditation and Institutional Eligibility Staff was formed in May of 1968 to produce eligibility determinations for some twenty U.S.O.E. programs. That Staff also provides assistance to other agencies within the Department of Health, Education, and Welfare, such as the Public Health Service in relation to health training programs, plus affording eligibility determinations to the Department of Justice, Federal Aviation Agency, Veterans Administration, Department of Housing and Urban Development and other Federal and State agencies. Furthermore, it engages in an extensive information dissemination program to institutions, students and the general public regarding eligibility and accreditation matters.

The universe of eligible institutions in the Guaranteed Student Loan Program, which is our largest single listing of eligible institutions, can be divided into seven main categories:

Foreign schools -- 800

Proprietary -- 1,685

4-year and higher--1,730

Junior Colleges and Institutes -- 1,300

Hospital Schools of Nursing -- 450

Medical technology and related -- 1,353

Public Area Vocational Schools -- 1,000

Institutional eligibility based upon the 1965 Higher Education Act, and the series of amendments and statutes related thereto, is linked to two broad types of Federal program assistance: student financial aid, and direct institutional aid or support. Student financial assistance programs include the Basic and Supplemental Educational Opportunity Grants Program, the College Work-Study Program, the National Direct Student Loan Program and the aforementioned Guaranteed Student Loan Program. Institutional support programs include ones such as that for Strengthening Developing Institutions, the College Library Support Program, and Loans and Grants for Academic Facilities.

The term "Institutions of higher education" as defined in the statutory requirements, include public and nonprofit institutions which offer the traditional collegiate programs of study leading to a degree. The term also includes other public and nonprofit schools which offer one year programs of study that lead to gainful employment in recognized occupations such as hospital schools of nursing and other allied health schools, public area vocational schools and nonprofit business, trade and technical schools. Public and nonprofit institutions which meet all of the other specific requirements stated in the legislation, which I will discuss later, are eligible to participate in institutional support programs and programs that provide financial assistance to students attending these institutions. According to our latest figures, over 3,584 schools meet the statutory definition of "institution of higher education" and have been awarded eligibility status to participate in both institutional support and student financial aid programs.

Eligible proprietary schools may apply for participation in the Supplemental Educational Opportunity Grant Program, the National Direct Student Loan Program and the College Work-Study Program. Presently, 1,341 accredited proprietary institutions are eligible to participate in the Basic and Supplemental Educational Opportunity Grants Program, the National Direct Student Loan Program and the College Work-Study Program.

The Guaranteed Student Loan Program provides for the definition of a special category of schools, called "vocational schools," which include public, private non-profit and proprietary schools which offer postsecondary occupationally oriented programs to high school graduates and non-high school graduates. Over 3,000 of these vocational schools have been advised of their eligibility for this program. This figure includes 344 unaccredited proprietary vocational schools.

Before any school or institution may become eligible to participate in education programs administered by the Office of Education, it must meet certain minimum statutory requirements such as those indicated on the attached chart. These statutory eligibility elements fall into three categories. The first of these categories relate to factual information such as type of school, length of programs, and legal authorization. The second category involves special requirements established by program administrators under broader provisions of law, through regulation specifying provisions which participating schools must meet (such as "maintenance of efforts requirements" for library aid programs). The third category deals with the qualitative aspects of schools - or educational programs - in other words, accreditation, or one of the alternatives to accredited status.

It is in administering the Office of Education's responsibilities in relation to the qualitative factor of eligibility (i.e., that dealing with accreditation or its alternatives) that the greatest and most complex problems arise. Before mentioning some of these specific problems, however, we might first discuss accreditation and the Commissioner of Education's recognition of accrediting agencies.

4a

ELIGIBILITY CHECKLIST

INSTITUTION:

YES	ELIGIBILITY INFORMATION SURVEY	NO
	1. ADMITS HIGH SCHOOL GRADS (or EQUIVALENT ONLY)	
	2. LEGALLY AUTHORIZED BY STATE for POSTSECONDARY PROGRAM	
	3 OFFERS a BA DEGREE or a 2Yr PROGRAM Acceptable toward such	
	or offers a 2Yr ASSOCIATE DEGREE	
	or offers 2Yr Vocational/Occupational Work	
	or offers 1Yr Gainful EMPLOYMENT	
	4 PUBLIC/or	
	nonProfit	
	or PROPRIETARY	
	5. ACCREDITATION	
	or PRE-ACCREDITED	
	or 3-INSTITUTIONAL CERTIFICATION	
	6. CIVIL RIGHTS COMPLIANCE	
	7. SECTARIAN	
	REGULAR CLASSES BEGAN	
	ENROLLMENT	

ACCREDITATION and INSTITUTIONAL ELIGIBILITY STAFF JUNIOR COLLEGE and INSTITUTE

Overview of Accreditation as it Relates to Institutional Eligibility

Accreditation is a major factor in establishing the eligibility status of educational institutions and programs to participate in the various Federal funding programs of assistance to education. It also is a unique area in the eligibility determination process, because it is a process which takes place outside the jurisdiction of the Federal government, and it varies considerably in form and purpose, depending upon the organization conducting the process.

Accreditation, a Brief View of Its History and Functions

The practice of accreditation arose around the turn of the century in response to the need to upgrade educational quality and to establish definitions and standards for general collegiate and professional education. It sought to execute a need that is fulfilled in many other countries of the world by ministries of education or other centralized authorities, which exercise quality control functions over education. The philosophy of institutional autonomy in education, and the varying degree of control over institutions of higher education exercised by the States, also contributed to the need for this form of quality identification in education which is unique to the United States.

Private educational associations of regional and national scope have developed standards and procedures used in conducting peer evaluation aimed at determining whether or not educational institutions or programs are operating at basic levels of quality. The procedures of these accrediting commissions and associations usually involve five basic steps:

1. Establishment of educational standards in collaboration with educational institutions and other appropriate constituencies;
2. Conduct of institutional or program self-study by applicants for accreditation under the guidance of the accrediting body;
3. On-site evaluation by a team of peers, selected by the accrediting body, in order to determine first-hand if the institution's objectives and the accrediting body's standards are being met;
4. Publication of the accredited status of those institutions or programs which are determined by the accrediting body to have met its standards;
5. Periodic reevaluation of accredited institutions or programs to determine whether or not they continue to meet the established standards.

The nongovernmental accrediting agencies fall into two major categories--institutional and specialized. Institutional accreditation is conducted by agencies such as the commissions of the six regional accrediting associations. For example, the Southern Association of Colleges and Schools maintains four accrediting commissions--one for elementary schools, one for secondary schools, one for vocational schools, and one for degree-granting collegiate institutions.

Each regional association maintains at least one commission on higher education and one on secondary education. Two associations have established commissions for postsecondary occupational education and one has established a commission on elementary schools. Institutional accreditation applies to the total institution and signifies that the institution as a whole is achieving its objectives satisfactorily.

Specialized accreditation is conferred by a number of organizations which are national in scope, rather than regional, and each of which represent a specialized area, such as architecture, business, law, medicine, or teacher education. A primary purpose of specialized accreditation is to protect the public against professional or occupational incompetence. A majority of the programs evaluated by such agencies are located in regionally accredited institutions. However, most of the national specialized accrediting groups, in addition to accrediting programs within institutions, also accredit some specialized institutions which are not accredited by regional association commissions. Relatively recent newcomers to the accreditation scene are the specialized agencies dealing with the private (mostly for-profit) vocational sector of education, including business, cosmetology, home study education, and trade and technical education. These agencies deal with education located outside of the college and university sector, and, therefore, with varying emphases, evaluate both institutional and programmatic aspects of their educational universe.

History of Criteria for Listing Nationally Recognized Accrediting Agencies and Associations

Although the Office of Education has dealt with accrediting agencies throughout much of its history, it was not until the enactment of the Veterans' Readjustment Assistance Act of 1952 (P.L. 82-550) that the U.S. Commissioner of Education was required, for the first time, to publish a list of nationally recognized accrediting agencies and associations which he determined to be reliable authority as to the quality of training offered by an educational institution. This statutory provision was subsequently restated in at least 14 major Federal aid-to-education legislative acts. In October 1952, subsequent to the passage of the Veterans' Readjustment Assistance Act, Criteria for the Recognition of National Accrediting Agencies and an initial list of 28 agencies so recognized were published. By 1967, there were 36 agencies listed by the Commissioner.

The 1952 Criteria remained in effect until January 16, 1969, when the current Criteria for determining nationally recognized accrediting agencies and associations were published in the Federal Register. By 1972, the Commissioner's list of recognized accrediting agencies had grown to 47, and by May of this year, 61 agencies were listed. Some ten additional accrediting agencies are in varying stages of petitioning the Commissioner for recognition and listing.

On March 1, 1974, revised Criteria for Nationally Recognized Accrediting Agencies and Associations were published under Notice of Proposed Rule Making in the Federal Register. The final version of these new criteria are currently in process of being published. We anticipate that they will become effective soon. A further revision of the criteria will be published by June 30, 1975.

Features of the proposed revised Criteria may be grouped into four broad categories which seek to insure the functionality, responsibility, reliability, and autonomy of nationally recognized accrediting agencies. More specifically, these elements include, in operation, the following:

a. Functionality: An accrediting agency should be regional or national in its scope of operations and maintain a clear definition of its activities, both as to geographic area and nature and type of institutions or programs covered. It should have adequate administrative and financial support to carry out its accrediting programs, and should have access to a sufficient number of competent and knowledgeable personnel to participate on visiting teams, on its decision-making committee, and as consultants. The agency shall also have developed clearly written procedures for each level of accreditation status, including institutional or program self-analysis and on-site reviews by a visiting team.

b. Responsibility: Considerations here include: a clearly identified need for accreditation by the agency in the field in which it operates; responsiveness to the public interest; adequate provisions for due process in accrediting procedures; demonstrated capability and willingness to foster ethical practices among the institutions or programs which it accredits; a program of evaluation of educational standards.

c. Reliability: The agency demonstrates wide acceptance of its policies, procedures, and decisions: regular review of its standards and procedures; experience as an accrediting agency; and representation in its policy and decision-making bodies of the community of interests directly affected by the scope of its accreditation.

d. Autonomy: The agency must demonstrate the autonomy and independence of its decisions from outside influences.

It is noteworthy that these revised Criteria place increased emphasis upon accrediting agencies' responsibility to the public interest and their reliability of operations.

Whereas the various versions of the Criteria for Nationally recognized Accrediting Agencies and Associations have been the Office's instrument for directly supporting constructive change in the area of accreditation as it relates to the eligibility process, the Office has funded or supported a number of projects over the past six years designed to improve indirectly the effectiveness of the eligibility determination process:

1. Study of Accreditation of Vocational-Technical Curricula in Postsecondary Institutions, conducted by the Center for Research and Development in Higher Education of the University of California under contract with the Office of Education;

2. National Study for Accreditation of Vocational/Technical Education, conducted by the American Vocational Association under contract with the Office of Education;

3. Study of Licensure and Related Health Personnel Credentialing, conducted by the Department of Health, Education, and Welfare;

4. Study of Accreditation of Selected Health Educational Programs, sponsored by the American Medical Association, the Association of Schools of Allied Health Professions, and the National Commission on Accrediting;

5. Model State Legislation for Approval of Postsecondary Educational Institutions and Authorization to Grant Degrees, developed by the Education Commission of the States through funds supplied by the Office of Education, the Veterans Administration, and the Department of Defense; and

6. Study of Private Accrediting and Public Funding, prepared for the Office of Education under contract with the Brookings Institution and the National Academy of Public Administration Foundation.

Review Procedures for Listing Nationally Recognized Accrediting Agencies

Those accrediting agencies requesting recognition by the Commissioner of Education undergo intensive review by the Office's Accreditation and Institutional Eligibility Staff and by the Commissioner's Advisory Committee on Accreditation and Institutional Eligibility, in order to determine whether or not they comply with the Criteria for Nationally Recognized Accrediting Agencies and Associations.

The Accreditation and Institutional Eligibility Staff was established by the Commissioner of Education in 1968 in order to centralize matters within the Office of Education dealing with eligibility and accreditation and to provide support for the Commissioner of Education's Advisory Committee on Accreditation and Institutional Eligibility.

Accrediting agencies seeking recognition by the Commissioner, or those undergoing regular periodic review, file petitions with the Director of the Accreditation and Institutional Eligibility Staff. The Staff reviews the petition and may take various investigative steps in order to prepare a summary report to the Advisory Committee concerning the applicant's status with the Criteria for Nationally Recognized Accrediting Agencies and Associations. At the time of the Advisory Committee review, agency representatives and interested third parties are offered time for brief oral presentation before the Committee. The Advisory Committee recommendations regarding petitioning accrediting agencies are forwarded to the Commissioner of Education for his review. The Commissioner informs the applicants of his decision following his consideration of the Advisory Committee's recommendations.

Agencies listed, or recognized, by the Commissioner are normally reviewed every four years. Developing agencies may be given a shorter period of recognition, indicating the Commissioner's determination that such agencies have potential to eventually fulfill the Criteria. The Commissioner exercises the right to review at any time a recognized agency which has developed problems relevant to its compliance with the Criteria.

Appeals of the Commissioner's decisions are heard by specially constituted panels of knowledgeable nongovernmental persons who are not members of the Advisory Committee. These hearing panels report directly to the Commissioner, who acts upon their advice.

The Advisory Committee performs a key role in the process of recognizing accrediting agencies and associations for the purpose of determining institutional or program eligibility for Federal funding programs. The Committee was established by the Secretary of Health, Education, and Welfare in 1968 and was subsequently chartered under the Federal Advisory Committee Act (P.L. 92-463). It is composed of 15 members from various segments of the secondary and postsecondary education community, student/youth population, State departments of education, professional associations, and the general public. The Committee is advisory to the Secretary of Health, Education, and Welfare and the Commissioner of Education. Its functions include the authority to:

1. Review all current and future policies relating to the responsibility of the Commissioner for the recognition and designation of accrediting agencies and associations wishing to be designated as nationally recognized accrediting agencies and associations, and recommend desirable changes in criteria and procedures.

2. Perform similar functions relevant to the Commissioner's authority to recognize State agencies for approval of public postsecondary education and nurse education;

3. Review and advise the Commissioner of Education in the formulation of all current and future policy relating to institutional eligibility;

4. Review legislation affecting the Office of Education's responsibility in the area of accreditation and institutional eligibility and recommend needed changes;

5. Review and recommend action to the Commissioner of Education regarding applicant national accrediting agencies and State vocational and nurse education approval agencies;

6. Develop standards and criteria for specific categories of vocational training institutions and institutions of higher education which have no alternative route by which to establish eligibility for Federal funding programs;

7. Advise the Commissioner regarding the award of degree-granting status to Federal agencies and institutions.

STRENGTHS, WEAKNESSES, AND PROBLEM AREAS IN THE PRESENT SYSTEM

I turn now to several key observations about the dynamics of the present system, gleaned from the Office's six years' experience in monitoring the eligibility mechanism I have described above. These observations are offered in the spirit of enlisting your continued support for the improvement of the system.

1. The relative autonomy of the accrediting agencies.

Accreditation has been written into Federal legislation as a quality control device in order to help ensure the Government's investment in postsecondary education, and, even more importantly, as a means of aiding students and others in identifying institutions and programs deemed to be educationally worthy. We must constantly bear in mind, however, that the accrediting agencies are private, independent, voluntary agencies having discrete, albeit laudable, purposes which do not always coincide neatly with the objectives inherent in Federal aid to education.

Accrediting agencies are committed philosophically to stimulation of institutional or programmatic uplift through a traditional pattern of expert peer review. They do not view themselves, nor do they function, as regulatory bodies. They have no legal authority to require compliance; they work instead by persuasion to maintain understanding and acceptance of their role and function by their constituents and the general public. All accrediting agencies are limited in funds and staffing, and rely heavily on volunteer labor from member organizations. All are now deeply aware of, and some have already experienced, a marked vulnerability to litigation, which they are ill-prepared to engage in successfully.

One aspect of the Office's relationship to accrediting agencies involves the processing of complaints against accredited schools and schools which are eligible for participation in Federally-funded programs of assistance to postsecondary education. Complaints about schools - whether accredited or non-accredited - are directed to the Accreditation and Institutional Eligibility Staff from many sources. These include parents, consumer organizations, students, USOE regional offices, other divisions within O.E., other Federal and State agencies, the Congress, and the White House. These complaints include such matters as misrepresentation by salesmen, inadequate or late refunds of tuition, poor quality of instruction or equipment, and enrollment of persons incapable of benefiting from the instruction.

Although the Office is not empowered to exercise direct control over educational institutions, it does seek to determine, in the case of accredited schools, whether or not a possible violation of the accrediting agency's standards has occurred in such complaint cases.

The Staff reviews each complaint and, if an accredited school is involved, directs a copy of the complaint to the appropriate accrediting agency with a request that the agency review the matter and report its findings to the Staff. The Staff, in turn, reviews the report of the accrediting agency and informs the complainant of the agency's findings. In the event that the Staff is not satisfied that the accrediting agency has investigated the matter thoroughly or if the complainant provides additional substantive information relating to the complaint, the Staff may ask the accrediting agency to review the matter further.

Although the Staff usually directs complaints against accredited schools to the appropriate agency for investigation, the Staff may, at times, correspond directly with schools regarding alleged educational malpractice. Such was the case in connection with a series of articles dealing with proprietary vocational schools which recently appeared in the Boston Globe.

The Globe accused several proprietary vocational schools operating in the Boston area of a variety of abuses ranging from misleading advertising to violation of State laws. Inasmuch as several of the schools named by the Globe are accredited by nationally recognized accrediting agencies, these abuses, if actually committed, would indicate serious violations of the agencies' accreditation standards. Accordingly, the Staff corresponded with the accrediting agencies and requested that they submit to O.E. a report of their investigation of the matter. Further, because several of the schools cited are eligible for Federal financial assistance programs administered by O.E., the Staff wrote to each eligible institution and requested that it provide O.E. with its response to the Globe allegations. Presently, the Office of Education still is in the midst of an intensive review of the cases and issues revealed by the Globe articles. A report on this will be presented to the Commissioner's Advisory Committee sometime this fall.

Another timely series of articles regarding the trade school industry was published recently in the Washington Post. Entitled, "The Knowledge Hustlers," these articles provide another perspective on what, hopefully, is a national effort to rid the Nation of fraud, exploitation, and deceit wherever practiced on Americans seeking to further their education. The Post series gives greater visibility to important issues regarding which the Federal Government is working closely with State and private groups in an effort to fashion solutions.

The relevant statutes speak only to the Federal reliance on the outputs of the accrediting agencies for eligibility purposes, and those outputs are the lists of accredited institutions or programs maintained by every accrediting body. Because of the vast sums of Federal money which ultimately flow through reliance upon the accrediting mechanism, however, the Office has deemed it only prudent to establish, and gradually intensify, Federal oversight of the operations of those accrediting agencies recognized by the Commissioner. One of the pressing questions right now is just how far this oversight can and should go in order to achieve realistic assurance that both the student's educational rights and the taxpayer's dollars are protected while, at the same time, avoiding unwarranted Federal intrusion into the educational process.

2. Problems of consistency with a heterogeneous universe.

Because of the need for consistency in administration, there is a tendency to think of "postsecondary education" as a homogeneous entity. This frame of reference has been reinforced by an active Federal posture against discrimination of any sort against any of the various categories of schools. In reality, however, the postsecondary educational universe is a set of heterogeneous sub-systems.

With the establishment of each new funding program, O.E. has found the problems becoming more complex in sorting out the real from the imagined differences among institutional types, particularly as categorized by type of control: public, private non-profit, and proprietary, or profit-making. Though the educational funding statutes make some provision for stricter treatment and limited benefits for profit-making schools, they are silent on the extent to which the public should be protected from unethical school operators who are more interested in profits than in education. The Office of Education has been examining the problem of need and justification for valid, differentiated standards in this regard for some time now. From a practical standpoint, O.E. has determined that one feasible attack upon this problem can be made by shoring up educational consumer protection in general, a subject which shall be treated separately below.

3. Increasing complexity of eligibility determination.

We are all aware of the fast-paced change taking place all around us, and education is logically in as much ferment as is the rest of society. The basic philosophical framework for Federal reliance on the private mechanism of accreditation for eligibility purposes was developed initially for the 1952 Korean GI Bill (twenty-two years ago) and reinforced by adoption of the 1958 National Defense Education Act (sixteen years ago). It was essentially retained during the mid-sixties when landmark legislation in support of higher education was enacted (approximately ten years ago). We should not be surprised to find,then, strains and bruises as we attempt to resolve today's eligibility problems into statutes that were designed to suit another era. Almost twenty classes of students have enrolled, under Federal funding assistance programs, in the halls of ivy since the Korean GI Bill became law.

Some specific illustrations will convey my meaning better. Without elaboration, I shall merely cite eight eligibility dilemmas currently facing the Office, none of which is adequately addressed by statute, regulation, or guideline:

1. Open universities, or external degree and other non-traditional programs
2. Foreign institutions
3. Branch Campuses
4. Postsecondary occupational-technical education
5. Library institutions, organizations, and agencies
6. Combinations of institutions (consortia, etc.)
7. Partially eligible institutions
8. Small, free-standing, special purpose institutions
9. Part-time study and continuing education

Two other basic points should be made with regard to difficulties in eligibility determinations. First, the Office must deal sympathetically with the accrediting agencies' attempt to address what they see as their own goals, needs and purposes. The objectives of some of the accrediting organizations occasionally are not targeted fully on broader public or social goals. Under present regulations, there often is nothing that can be done when such unfavorable impact occurs. Second, informed and discerning administration of the existing eligibility machinery is not limited to declaring institutions and programs eligible, but also to declaring them ineligible when necessary in an appropriate and timely manner. Indeed, the ability to act swiftly and fairly on the termination of elibility is extremely critical when an institution's quality situation is deteriorating rapidly.

The authority to develop regulations to limit, suspend or terminate eligibility for the Federally Insured Student Loan Program was obtained in the Higher Education Admendments of 1972, and procedures are presently being drafted under this authority.

4. Educational consumer protection. Utilizing the concept of educational consumer protection, the Office has been moving strongly on this front during the past two years. Specifically, the Office of Education has supported, participated in or accomplished the following general remedies for unethical school practices in postsecondary education:

1) Information exchange with States, the Federal Trade Commission, and other Federal agencies concerning consumer complaints against educational institutions falling within the purview of these agencies;

2) Support and consultation regarding FTC's development of consumer education materials and Guides for Private Vocational and Home Study Schools;

3) Support and consultation with various States on special programs and improvement of legislation in the educational realm;

4) Provision of contract funds, in conjunction with the Department of Defense and the Veterans Administration, for the development of a model State law governing the approval of private postsecondary schools by the Education Commission of the States;

5) Funding by the Office for a study of the interface between private accreditation and eligibility for participation in Federal education programs (in the final stages of completion by the Brookings Institution);

6) Creation and operation of the Federal Interagency Committee on Education's Subcommittee on Educational Consumer Protection. This Subcommittee, in which O.E. serves as the lead agency, presently is preparing a report outlining a proposed Federal strategy for dealing with the overall educational consumer protection problem. This report will be presented to the Interagency Committee at its September meeting.

7) Revision of the Criteria for Nationally Recognized Accrediting Agencies and Associations to provide both specific and general requirements for responsibility and accountability to the public interest on the part of accrediting agencies and associations listed by the Commissioner of Education;

8) Initiation of improved methods for reviewing accrediting agencies and associations having status with the Office;

9) Review by the Commissioner's Advisory Committee on Accreditation and Institutional Eligibility of matters pertaining to the ethical operation of eligible educational institutions; and

10) Tightening of the "three-institutional-certification" procedure a statutory alternative to accreditation by a nationally recognized accrediting agency by which an institution may demonstrate that

its credits are accepted, on transfer, by not less than three institutions which are so accredited, for credit on the same basis as if transferred from an institution so accredited.

I want now to elaborate briefly on two items in the realm of educational consumer protection. First, while considerable publicity has been given to the unethical practices of certain proprietary schools, there is growing evidence that similar problems exist at nonprofit vocational and collegiate institutions. As the competition for students becomes more acute, it is possible that many of these institutions are adopting practices previously ascribed only to the proprietary school industry.

Second, increased reliance on State agencies to provide added consumer protection in postsecondary education is a matter which deserves thorough exploration at this time. One salient advantage in using State agencies, when they are efficient and effective, is that they generally can provide closer surveillance and oversight, and can react more quickly, than can a regional or national organization or agency.

SUMMARY

I have tried above to sketch out for you our view of the real world of accreditation and institutional eligibility as we see it today from our particular vantage point. It is not an altogether gloomy picture. A true statistical perspective tells us that Federal aid to postsecondary education has been a phenomenal success: billions of dollars have flowed, millions of students have benefited, and thousands of institutions have been strengthened for service to the nation. There is a great deal to be proud of.

It is becoming increasingly evident, however, that the national concern for extending postsecondary education opportunities to all who desire and can benefit from them will require more diversification and flexibility in obtaining these opportunities than is now the case. This, of course, means that accreditation and eligibility procedures must be adapted to these changing conditions, while at the same time preserving institutional autonomy and protecting the educational consumer interest. With your continued good help, we shall try to hammer out eligibility standards that will facilitate needed changes and innovations in postsecondary education - standards that will be strict enough to protect the public interest but flexible enough to encourage rather than inhibit needed changes and innovations in postsecondary education.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
OFFICE OF EDUCATION
BUREAU OF POSTSECONDARY EDUCATION
WASHINGTON, D.C. 20202

May 8, 1974

Honorable Edward W. Brooke
United States Senate
Washington, D.C.

Dear Senator Brooke:

This is in further response to your letter of April 4 concerning the Boston Globes's series of articles on proprietary schools. In my judgment, the Boston Globe has performed a real public service in uncovering unacceptable patterns of recruitment and educational training at certain proprietary residential and correspondence vocational schools in the Boston area.

The functions of the Office of Education with respect to institutions of higher education (including proprietary vocational education schools) must relate to the basic role of the Office in providing assistance, either in the form of categorical institutional assistance or student financial aid. The eligibility of an institution of higher education to participate in such Federal programs is determined on the basis of criteria contained in the statutory definition of such institutions. See 20 U.S.C. 1085, 1088, 1141. With respect to the quality of training offered in an institution or its pattern of recruitment, the Federal statutes appear to contemplate that such controls as are exercised will be exercised by private accrediting agencies or otherwise through the process of accreditation. That is, if an institution is accredited, it is generally eligible for participation in Federal programs, and the accrediting process is normally carried out by private accrediting agencies. The role of the Commissioner of Education is essentially to approve the accrediting agencies rather than to accredit the individual institutions directly. In this connection he is authorized to publish a list of nationally recognized accrediting agencies which he determines to be reliable authorities as to the quality of education or training offered by the institutions to be accredited. Higher Education Act, sections 435, 491, 1201, 20 U.S.C. 1085, 1088, 1141.

A determination of whether an accrediting agency may be included in the list is made on the basis of published criteria against which the activities of the accrediting agencies are judged. The Office of Education has recently developed revised criteria for Nationally Recognized Accrediting Agencies and Associations, which should increase Office flexibility in ascertaining the reliability and responsibility of the nationally recognized accrediting agencies and associations, including those which operate in the private proprietary sector. Enclosed is a copy of the proposed revised Criteria.

BEST COPY AVAILABLE

As appears from the foregoing discussion, under the prevailing statutory scheme, monitoring with respect to recruitment and educational training policies of proprietary vocational schools is not directly carried out by the Office of Education. Such monitoring is properly a function of nationally recognized accrediting agencies, identified through the listing procedures described above. While the Commissioner possesses some authority with respect to eligibility status, it should be noted that statutory language in the General Education Provisions Act precludes the use of certain education laws, including the Higher Education Act, as a basis for exercising Federal control over curriculum, program of instruction, or administration of educational institutions. 20 U.S.C. 1232a.

Within the parameters of the above-described statutory scheme, it may be possible to enhance the degree to which individual accrediting agencies will exercise an increasing level of monitoring responsibility. This is a matter to which we are giving careful consideration.

In the interest of further strengthening the Federal Government's hand in the matter of education consumer protection, the Office of Education is serving as lead agnecy in the Federal Interagency Committee on Education's Subcommittee on Educational Consumer Protection. Recently the Federal Interagency Committee has stated its support of the Education Commission of the State's Model State Legislation for approval of Postsecondary Institutions and Authorizations to Grant Degrees. Along with RCS, the Office and other members of the FICE Subcommittee sponsored a National Invitation Conference on Consumer Protection in Postsecondary Education which was held in Denver, Colorado, on March 18-19, 1974. Through the Subcommittee, the Office also worked with the Federal Trade Commission in developing the FTC's recently published consumer education materials relevant to private, proprietary education.

The Office also has entered into a contract with the Brookings Institution and the National Academy of Public Administration Foundation to prepare a report on the function of institutional and eligibility process and on the consequences of this use of accreditation for Federal policy and funding for postsecondary education. The report will review the Federal Government's role in protecting the interests of students against the abuses of unscrupulous schools. We expect publication in June.

As the Globe's articles on the vocational education industry effectively highlight, five kinds of educational malpractice have arisen. These are: misleading advertising, indiscriminate recruiting, poor course completion, false job-placement promises, and insufficient tuition refunds. The Office relies upon the resources of Federal and State regulatory bodies, and recognized accrediting agencies to review complaints pertaining to consumer abuses in the proprietary field of education. The actual and potential scope and magnitude of these abuses, however, clearly indicate that additional Federal statutory action is required if educational consumers are to be protected properly. Following are remedial steps which the Congress might consider in revising current eligibility requirements for proprietary schools to participate in Federal financial aid programs:

--Requiring a Federal tuition refund policy as a condition of receiving institutional eligibility to participate in specific Federal funding programs, such as the Guaranteed/Insured Student Loan Program, through amendment of existing statutes. Currently, the Office recommends that tuition refunds for all students receiving Federal benefits approximate a general pro-rata model.

--Requiring, as a mandatory condition of institutional eligibility, that all salesmen be compensated on a salaried (non-commission) basis.

--Broadening the scope of section 438(b) of the Higher Education Act of 1965 to enable the Commissioner to recognize State agencies for purposes of monitoring private vocational education. Currently, the scope of the Commissioner's recognition of State agencies is restricted solely to public postsecondary vocational education.

--Requiring participating proprietary schools to provide the Office of Education, on a regular basis, with validated information regarding student dropout, course completion, and job placement rates.

--Broadening the existing authority of the Commissioner to limit, suspend, and terminate the eligibility of a participating school in the Guaranteed Student Loan Program to encompass other Federal aid programs.

Defining appropriate revisions to current eligibility requirements--revisions relating to protecting students enrolled in proprietary institutions--is a complex matter, involving deeper ramifications than might superfically appear. Throughout our review of this question, these primary issues emerge: (1) broad societal implications, (2) national adminstrative flexibility, (3) concerns of program administration and practicality and, (4) protecting the interests of the educational consumer. The complex intricacies of these issues are highlighted by the Globe's series on private vocational schools.

In further response to the specific queries posed by your letter of April 4, we believe that clear and evident deficiences exist in present monitoring devices used to assure the quality and capability of schools whose students now receive Federal funds. The present statutory system that requires using private nongovernmental agenices for purposes of educational evaluation and setting minimum standards of educational quality, by definition, lacks direct government controls or regulatory authority.

The advisability of establishing a Federal system of controls, or of individual school approvals or registrations, is now under refiew in the Brookings Institution-NAPAE study referred to above. However, we should not lose sight of the fact that careful consideration is required in defining the appropriate Federal role and the extent of direct government intervention that is permissible and compatible with our traditionally independent, diverse, pluralistic and autonomous educational system.

Parenthetically, the reference to the GAO report cited in part seven of the Globe's series refers to a study undertaken of the Veterans Administration and its programs which lies outside the immediate province of this agency.

While the Globe's articles concentrate on proprietary schools, there is growing evidence that similar problems exist at nonprofit vocational and collegiate institutions. As the competition for students becomes more acute, it is possible that may of these institutions may adopt similar techniques.

An intensive review is now underway within the Office of Education regarding the abuses cited in the Globe's series, and as soon as our staff research is completed, be assured that I will transmit our further findings to you.

Sincerely,

(Sgd.) Peter P. Muirhead

Acting U.S. Commissioner
of Education

Enclosure

NATIONALLY RECOGNIZED ACCREDITING AGENCIES AND ASSOCIATIONS

CRITERIA AND PROCEDURES FOR LISTING BY THE U.S. COMMISSIONER OF EDUCATION AND CURRENT LIST

MARCH 1972

by
The Accreditation and Institutional Eligibility Staff

U.S. DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Bureau of Higher Education

ROLE OF VOLUNTARY ACCREDITATION

One of the distinctive features of American education is that the development and maintenance of educational standards are the responsibilities of nongovernmental, voluntary accrediting associations. The Office of Education is cognizant of the invaluable contribution which the voluntary accrediting associations have made to the development of educational quality in the Nation. It is the policy of the Office of Education generally to support and encourage the various recognized voluntary accrediting associations in their role as the primary agents in the development and maintenance of educational standards in the United States.

NATIONAL RECOGNITION OF ACCREDITING AGENCIES AND ASSOCIATIONS

ACCREDITATION IN THE UNITED STATES

The United States has no Federal ministry of education or other centralized authority exercising single national control over educational institutions in this country. The States assume varying degrees of control over education, but, in general, institutions of higher education are permitted to operate with considerable independence and autonomy. As a consequence, American educational institutions vary widely in the character and quality of their programs.

In order to insure a basic level of quality, the practice of accreditation arose in the United States as a means of conducting nongovernmental, peer evaluation of educational institutions and programs. Private educational associations of regional or national scope have adopted criteria reflecting the qualities of a sound educational program and have developed procedures for evaluating institutions or programs to determine whether or not they are operating at basic levels of quality.

FUNCTIONS OF ACCREDITATION

1. Certifying that an institution has met established standards;
2. Assisting prospective students in identifying acceptable institutions;
3. Assisting institutions in determining the acceptability of transfer credits;
4. Helping to identify institutions and programs for the investment of public and private funds;
5. Protecting an institution against harmful internal and external pressures;
6. Creating goals for self-improvement of weaker programs and stimulating a general raising of standards among educational institutions;
7. Involving the faculty and staff comprehensively in institutional evaluation and planning;
8. Establishing criteria for professional certification, licensure, and for upgrading courses offering such preparation; and
9. Providing one basis for determining eligibility for Federal assistance.

THE ACCREDITING PROCEDURE

Accrediting procedure usually involves five basic steps:

1. **Standards:** The accrediting agency, in collaboration with educational institutions, establishes standards.
2. **Self-study:** The institution or program seeking accreditation prepares a self-evaluation study that measures its performance against the standards established by the accrediting agency.
3. **On-site Evaluation:** A team selected by the accrediting agency visits the institution or program to determine first-hand if the applicant meets the established standards.
4. **Publication:** Upon being satisfied that the applicant meets its standards, the accrediting agency lists the institution or program in an official publication with other similarly accredited institutions or programs.
5. **Reevaluation:** The accrediting agency periodically reevaluates the institutions or programs that it lists to ascertain that continuation of the accredited status is warranted.

TYPES OF ACCREDITATION

In general there are two types of accreditation: institutional or general, and specialized or program.

Institutional accreditation is awarded by the secondary and postsecondary commissions of six regional accrediting associations which together cover the United States, American Samoa, the Canal Zone, Guam, Puerto Rico, the Trust Territory of the Pacific Islands and the Virgin Islands. The six regional accrediting agencies and States within their jurisdictions are:

Middle States Association of Colleges and Secondary Schools:
Delaware, District of Columbia, Maryland, New Jersey, New York,
Pennsylvania, Canal Zone, Puerto Rico, Virgin Islands.

New England Association of Schools and Colleges:
Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont.

North Central Association of Colleges and Secondary Schools:
Arizona, Arkansas, Colorado, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, New Mexico, North Dakota, Ohio, Oklahoma, South Dakota, West Virginia, Wisconsin, Wyoming.

Northwest Association of Secondary and Higher Schools:
Alaska, Idaho, Montana, Nevada, Oregon, Utah, Washington.

Southern Association of Colleges and Schools:
Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, Tennessee, Texas, Virginia, Mexico.

Western Association of Schools and Colleges:
California, Hawaii, American Samoa, Guam, Trust Territory of the Pacific.

Regional, or institutional, accreditation applies to the total institution and signifies that the institution as a whole is achieving its objectives satisfactorily. While the procedures of the regional accrediting commissions differ somewhat in detail, their rules of eligibility, basic policies, and standards are similar. Eight postsecondary commissions of the six regional associations appear on the Commissioner's list of nationally recognized accrediting associations.

Seven commissions dealing with secondary education are currently maintained by the regional associations, and one association has established a commission for accrediting elementary schools.

Specialized or program accreditation is conferred by a number of organizations which are national in scope, rather than regional, and each of which represent a specialized area, such as architecture, cosmetology, law, practical nursing, teaching, or trade and technical education. A primary purpose of specialized accreditation is to protect the public against professional or occupational incompetence.

While many of the specialized accrediting agencies accredit schools, departments, or programs situated within collegiate or other postsecondary institutions, some of these agencies also perform evaluations of entire institutions. Such is the case when certain single purpose or other postsecondary institutions are not eligible for regional accreditation. Unlike the regional commissions, the specialized accrediting agencies and associations demonstrate marked variation among their criteria for accreditation, definitions of eligibility, and operating procedures. There are 38 national specialized accrediting agencies and associations recognized by the U. S. Commissioner of Education, one of which functions at the secondary level.

In view of the differing emphases of the two types of accreditation, institutional accreditation by the regional associations should not be considered as being equivalent to specialized accreditation. Institutional accreditation does not validate a specialized program or institutional division in the same manner and to the same extent as does specialized accreditation.

Further, while accreditation by a nationally recognized accrediting agency listed by the U. S. Commissioner of Education is one of the most reliable indices of educational quality available in this country, and signifies that an institution or program has met certain standards of educational quality, accredited institutions or programs should not be considered to be equal in quality.

Also, neither institutional nor specialized accreditation necessarily gives assurance of the transferability of credit earned in one institution to another or of acceptance of graduates by employers. Acceptance of students or graduates is always the prerogative of the receiving institution or employing organization.

For these reasons, students should take other measures to determine whether their educational goals will be met, prior to enrollment. These measures include checks with prospective employers or institutions to which transfers are desired and personal inspection of the institution in which enrollment is contemplated.

NATIONAL RECOGNITION

For purposes of determining eligibility for United States Government assistance under certain legislation, the U. S. Commissioner of Education is required to publish a list of nationally recognized accrediting agencies and associations which he determines to be reliable authority as to the quality of training offered by educational institutions and programs. Most institutions thus attain eligibility for Federal funds by way of accreditation or preaccreditation by one of the accrediting bodies recognized by the

Commissioner of Education. In some legislation, especially that intended to help developing institutions, provision is made for special qualifying steps that may be taken as alternatives to the normal accreditation process.

The eight postsecondary commissions of the regional associations and the 38 specialized accrediting agencies which are recognized by the Commissioner have no legal control over educational institutions or programs. They promulgate standards of quality or criteria of institutional excellence and approve or admit to membership those institutions that meet the standards or criteria.

THE ACCREDITATION AND INSTITUTIONAL ELIGIBILITY STAFF

In the summer of 1968, the Commissioner of Education established a special staff to deal with accreditation and eligibility matters. Located in the Bureau of Higher Education, the staff, the Accreditation and Institutional Eligibility Staff, has the following major functions:

1. Continuous review of procedures, policies, and issues in the area of the Office of Education's interests and responsibilities relative to accreditation and eligibility for funding;
2. Administration of the eligibility for funding process;
3. Administration of the process whereby accrediting associations secure initial and renewed recognition by the Commissioner of Education;
4. Liaison with accrediting associations;
5. Consultative services to institutions, associations, other Federal agencies, and Congress regarding accreditation and eligibility for funding considerations;
6. Interpretation and dissemination of policy relative to accreditation and eligibility for funding issues in the case of all appropriate programs administered by the Office of Education;
7. Conduct and stimulation of appropriate research; and
8. Support for the Commissioner's Advisory Committee on Accreditation and Institutional Eligibility.

ADVISORY COMMITTEE ON ACCREDITATION AND INSTITUTIONAL ELIGIBILITY

Established by the Secretary of Health, Education, and Welfare in May, 1968, the Advisory Committee is composed of 12 members selected from various segments of the secondary and postsecondary education community, the student/youth population, State departments of education, professional associations and the general public.

The Committee functions to assist the U. S. Commissioner of Education in the performance of eligibility determining duties imposed by P. L. 82-550, the Veterans' Readjustment Assistance Act of 1952, and subsequent legislation. It also serves to advise him on broader policy matters and specific issues relating to accreditation and institutional eligibility for Federal funding. Specifically, the Committee is mandated to:

1. Review all current and future policy relating to the responsibility of the Commissioner of Education for recognition and designation of accrediting agencies and associations wishing to be designated as nationally recognized accrediting agencies and associations, within the meaning of the various statutes. It also carries the responsibility for recommending desirable changes in the criteria and procedures developed for the recognition and designation of such agencies.

2. Review and recommend to the Commissioner for designation as nationally recognized accrediting agencies and associations of reliable authority all applicant accrediting bodies which meet the published criteria.

3. Develop under the authority of the Vocational Education Act of 1963, and subject to the approval of the Commissioner, standards and criteria for specific categories of vocational training institutions which have no alternative routes by which to establish eligibility for Federal funding programs.

4. Keep within its purview the accreditation and approval process as it develops at all levels of education.

5. Advise the Commissioner concerning the relationship of the Office of Education with accrediting agencies or associations, or other approval bodies.

PROCEDURES FOR RECOGNIZING BODIES AS NATIONALLY RECOGNIZED ACCREDITING AGENCIES AND ASSOCIATIONS

1. Accrediting bodies shall be evaluated for recognition by the U. S. Commissioner of Education as nationally recognized accrediting agencies and associations, when requests for such recognition are filed with the Director, Accreditation and Institutional Eligibility Staff, Bureau of Higher Education.

2. Requests for recognition shall be accompanied by evidence which establishes that the agency or association meets the criteria for "Nationally Recognized Accrediting Agencies and Associations." (Federal Register, Vol. 34, No. 11, January 16, 1969, p. 643.)

3. Requests shall be reviewed by staff members of the Accreditation Policy Unit, Accreditation and Institutional Eligibility Staff, who shall study the standards and procedures of the applicant agencies for conformity to the criteria for nationally recognized accrediting associations, and who shall take whatever other investigative steps are necessary in order to present accurate and comprehensive information to the Commissioner's Advisory Committee on Accreditation and Institutional Eligibility.

4. The Advisory Committee shall review the report of the Accreditation Policy Unit and shall make appropriate recommendations to the Commissioner of Education. The Advisory Committee may recommend that recognition be granted to an agency, that approval be deferred, or that approval be denied.

5. All nationally recognized accrediting agencies and associations shall be reevaluated by the Commissioner of Education at least every 4 years, or when a review is deemed necessary in view of a change of practice, procedures, or operating methods of the agency.

NATIONALLY RECOGNIZED ACCREDITING AGENCIES AND ASSOCIATIONS

CRITERIA AND LIST

The United States Commissioner of Education is required, under the provisions of Public Law 82-550 and subsequent legislation, to publish a list of nationally recognized accrediting agencies and associations which he determines to be reliable authority as to the quality of education or training offered by educational institutions or programs. The following criteria for determining nationally recognized accrediting agencies and associations were evolved and published in the January 16, 1969, Federal Register, replacing the original statement published in 1952:

CRITERIA

The agency or association:

1. Is regional or national in the scope of its operations. (Regional as here used means several States);

2. Serves a definite need for accreditation in the field in which it operates;

3. Performs no function that would be inconsistent with the formation of an independent judgment of the quality of an educational program or institution;

4. Makes publicly available (a) current information concerning its criteria or standards for accreditation, (b) reports of its operations, (c) lists of institutions or educational programs which it has accredited;

5. Encourages and gives staff guidance for institutional or program self-study prior to accreditation;

6. Secures sufficient and pertinent data concerning the qualitative aspects of an institution or educational program, and accredits only those institutions or programs which after on-site

examination are found to meet the published criteria for accreditation;

7. Has an adequate organization and effective procedures to maintain its operations on a professional basis. Among the factors to be considered in this connection are that the agency or association:

   (a) Clearly sets forth the scope of its accrediting activities, both as to geographical area and nature and type of institutions or program fields covered;

   (b) Has financial resources as shown by its audited financial statements necessary to maintain accrediting operations in accordance with published policies and procedures;

   (c) Has clear, written definitions of and procedures for (1) the accrediting of institutions or programs, (2) placing them on a probationary status, (3) revoking accredited status, and (4) reinstating the accredited status of an institution or program;

   (d) Charges only reasonable fees;

   (e) Uses experienced and qualified examiners to visit institutions, to examine educational objectives, to inspect courses, programs, administrative practices, services, and facilities, and to prepare written reports and recommendations for evaluation by the agency or association—and causes such examination to be conducted under conditions that assure an impartial and objective judgment;

   (f) Evaluates an institution or program only with the specific authorization of the chief executive officer of the institution;

   (g) Provides for adequate consultation during the visit between the team of visitors and the faculty, administrative staff, and students;

   (h) As a result of the accreditation visit, furnishes a written report to the chief executive officer of the institution with comments on the institution's areas of strength, on the areas needing improvement, and on suggested means of improvement;

   (i) Provides the chief executive officer with an opportunity to comment upon the factual elements of the report of the visiting team before the agency or association takes action on it;

   (j) Evaluates the report of the team in the presence of a member of the team, preferably the chairman;

   (k) Provides a regular means whereby the institution may appeal to the final authority in the agency or association;

   (l) Reevaluates at reasonable intervals its accredited institutions, and educational programs;

8. If an agency has developed a preaccreditation status, it shall have adequate procedures and requirements for the award of such status, comparable to those employed for the award of accredited status;

9. Reviews at regular intervals the criteria by which it evaluates institutions or educational programs, in order that the criteria shall both support constructive analysis and emphasize factors of critical importance;

10. Has demonstrated not less than 2 years' experience as an accrediting agency;

11. Has gained acceptance of its criteria, methods of evaluation, and decisions, by educational institutions, practitioners, licensing bodies and employers throughout the United States;

12. Has demonstrated its capability and willingness to enforce ethical practices among the institutions and educational programs accredited by it.

In view of the criteria set forth above, it is unlikely that more than one association or agency will qualify for recognition (a) in a defined geographical area of jurisdiction or (b) in a defined field of program specialization within postsecondary or collegiate education.

ASSOCIATIONS AND AGENCIES RECOGNIZED FOR THEIR INSTITUTIONAL ACCREDITATION OF SCHOOLS, JUNIOR COLLEGES, COLLEGES, AND UNIVERSITIES

Middle States Association of Colleges and Secondary Schools
Robert Kirkwood, Executive Secretary
Commission on Higher Education
225 Broadway, New York, New York 10007

New England Association of Schools and Colleges
Robert R. Ramsey, Jr., Director of Evaluation
Commission on Institutions of Higher Education
131 Middlesex Turnpike, Burlington, Massachusetts 08103

North Central Association of Colleges and Secondary Schools
Norman Burns, Executive Secretary
Commission on Institutions of Higher Education
5454 South Shore Drive, Chicago, Illinois 60615

Northwest Association of Secondary and Higher Schools
James F. Bemis, Executive Director
Commission on Higher Schools
3731 University Way, N. E., Seattle, Washington 98105

Southern Association of Colleges and Schools
Gordon W. Sweet, Executive Secretary
Commission on Colleges
795 Peachtree Street, N. E., Atlanta, Georgia 30308

Bob E. Childers, Executive Secretary
Commission on Occupational Education Institutions (for the pre-accreditation status of Affiliate)
795 Peachtree Street, N. E., Atlanta, Georgia 30308

Western Association of Schools and Colleges
Kay J. Andersen, Executive Secretary
Accrediting Commission for Senior Colleges and Universities
c/o Mills College, Oakland, California 94613

Harry D. Wiser, Executive Secretary
Accrediting Commission for Junior Colleges
P. O. Box 4065, Modesto, California 95352

Board of Regents (for higher institutions within New York State)
Ewald Nyquist, Commissioner of Education
State Education Department
The University of the State of New York
Albany, New York 12224

ASSOCIATIONS AND AGENCIES RECOGNIZED FOR THEIR SPECIALIZED ACCREDITATION OF SCHOOLS OR PROGRAMS

ALLIED MEDICAL HEALTH EDUCATION
(medical laboratory technician education)
Accrediting Bureau of Medical Laboratory Schools
Hugh A. Woosley, Administrator
3038 West Lexington Avenue, Oak Manor Offices, Elkhart, Indiana 46514

(programs for medical technologists, occupational therapists, physical therapists, medical record librarians, medical record technicians, and radiologic technologist-technicians)
Council on Medical Education
American Medical Association
C. H. William Ruhe, Secretary
535 North Dearborn Street, Chicago, Illinois 60610

ARCHITECTURE

(professional schools)
National Architectural Accrediting Board, Inc.
Helen S. Steele, Executive Secretary
1705 Massachusetts Avenue, N. W., Washington, D. C. 20036

ART

(professional programs)
National Association of Schools of Art
Joseph McCullough, Director
Commission on Accrediting
Cleveland Institute of Art
11141 East Boulevard, Cleveland, Ohio 44106

BIBLE COLLEGE EDUCATION

(3-year institutes and 4- and 5- year colleges)
Accrediting Association of Bible Colleges
John Mostert, Executive Director
Box 543, Wheaton, Illinois 60187

BLIND AND VISUALLY HANDICAPPED EDUCATION

(residential schools for the blind)
National Accreditation Council for Agencies Serving the Blind and Visually Handicapped
Alexander F. Handel, Executive Director
79 Madison Avenue, New York, New York 10016

BUSINESS

(private junior and senior colleges of business, and 1- and 2-year private schools of business)
Accrediting Commission for Business Schools
Dana R. Hart, Executive Secretary
1730 M Street, N. W., Washington, D. C. 20036

(baccalaureate and master's degree programs)
American Association of Collegiate Schools of Business
Jesse M. Smith, Jr., Managing Director
101 North Skinker Boulevard, Prince Hall
St. Louis, Missouri 63130

CHEMISTRY

(baccalaureate professional programs)
American Chemical Society
J. H. Howard, Secretary
Committee on Professional Training
343 State Street, Rochester, New York 14650

CLINICAL PASTORAL EDUCATION

(professional training centers)
Association for Clinical Pastoral Education, Inc.
Charles E. Hall, Jr., Executive Director
Interchurch Center, Suite 450
475 Riverside Drive, New York, New York 10027

COSMETOLOGY

(cosmetology schools and programs)
Cosmetology Accrediting Commission
James R. Taylor, Executive Director
25755 Southfield Road, Southfield, Michigan 48075

DENTISTRY

(programs leading to DDS or DMD degrees, and programs for dental hygienists, dental assistants, and dental laboratory technicians)
American Dental Association
John M. Coady, Secretary
Council on Dental Education
211 East Chicago Avenue, Chicago, Illinois 60611

ENGINEERING
(first professional degree curriculums in engineering and 2-year programs in engineering technology)
Engineers' Council for Professional Development
David R. Reyes-Guerra, Executive Secretary
345 East 47th Street, New York, New York 10017

FORESTRY
(professional schools)
Society of American Foresters
Donald R. Theoe, Director of Professional Programs
1010 - 16th Street, N. W., Washington, D. C. 20036

FUNERAL SERVICE EDUCATION
(independent schools and collegiate departments)
American Board of Funeral Service Education
William H. Ford, Administrator
201 Columbia Street, Fairmont, West Virginia 26554

HOME STUDY EDUCATION
(private correspondence schools)
National Home Study Council
David A. Lockmiller, Executive Secretary
Accrediting Commission
1601 - 18th Street, N. W., Washington, D. C. 20009

HOSPITAL ADMINISTRATION
(graduate degree programs)
Accrediting Commission on Graduate Education for Hospital Administration
Gary L. Filerman, Executive Director
One Dupont Circle, N. W., Suite 420, Washington, D. C. 20036

JOURNALISM
(baccalaureate professional programs)
American Council on Education for Journalism
Baskett Mosse, Executive Secretary
Accrediting Committee
Northwestern University, 215 Fisk Hall, Evanston, Illinois 60201

LANDSCAPE ARCHITECTURE
(first professional degree programs)
American Society of Landscape Architects
Gary O. Robinette, Associate Executive Director
1750 Old Meadow Road, McLean, Virginia 22101

LAW
(professional schools)
American Bar Association
Louis Potter, Assistant Director
Section of Legal Education and Admissions to the Bar
1155 East 60th Street, Chicago, Illinois 60637

LIBRARIANSHIP
(master's degree programs)
American Library Association
Agnes L. Reagan, Assistant Director for Accreditation
Office for Library Education
50 East Huron Street, Chicago, Illinois 60611

MEDICINE
(programs leading to M. D. degree)
Liaison Committee on Medical Education representing the Council on Medical Education of the American Medical Association and the Executive Council of the Association of American Medical Colleges
(In even numbered years)
C. H. William Ruhe, Secretary
Council on Medical Education
American Medical Association
535 North Dearborn Street, Chicago, Illinois 60610

(In odd numbered years)
John A. Cooper, President
Association of American Medical Colleges
One Dupont Circle, N. W., Suite 200, Washington, D. C. 20036

MUSIC
(baccalaureate and graduate degree programs)
National Association of Schools of Music
David A. Ledet, Executive Secretary
One Dupont Circle, N. W., Suite 650, Washington, D. C. 20036

NURSE ANESTHESIA
(professional schools)
American Association of Nurse Anesthetists
Bernice O. Baum, Executive Director
111 East Wacker Drive, Chicago, Illinois 60601

NURSING
(professional, technical, and practical nurse programs)
National League for Nursing, Inc.
Margaret E. Walsh, General Director and Secretary
10 Columbus Circle, New York, New York 10019

(practical nurse programs)
National Association for Practical Nurse Education and Service, Inc.
Rose G. Martin, Executive Director
1465 Broadway, New York, New York 10036

OCCUPATIONAL, TRADE AND TECHNICAL EDUCATION
(private trade and technical schools)
National Association of Trade and Technical Schools
William A. Goddard, Secretary, Accrediting Commission
2021 L Street, N. W., Washington, D. C. 20036

OPTOMETRY
(professional schools)
American Optometric Association
Charles G. Lile, Executive Secretary
Council on Optometric Education
7000 Chippewa Street, St. Louis, Missouri 63119

OSTEOPATHIC MEDICINE
(programs leading to D. O. degree)
American Osteopathic Association
Albert E. O'Donnell, Director
Office of Education
212 East Ohio Street, Chicago, Illinois 60611

PHARMACY
(professional schools)
American Council on Pharmaceutical Education
Fred T. Mahaffey, Secretary
77 West Washington Street, Chicago, Illinois 60602

PODIATRY
(baccalaureate and professional programs)
American Podiatry Association
John L. Bennett, Director
Council on Podiatry Education
20 Chevy Chase Circle, N. W., Washington, D. C. 20015

PSYCHOLOGY
(doctoral programs in clinical and counseling psychology)
American Psychological Association
Ronald B. Kurz, Associate Educational Affairs Officer
1200 - 17th Street, N. W., Washington, D. C. 20036

PUBLIC HEALTH
(master's degree programs in community health education and graduate professional schools of public health)
American Public Health Association, Inc.
Maggie Matthews, Staff Associate, Office of Health and Manpower
1015 18th Street, N. W., Washington, D. C. 20036

SOCIAL WORK
(graduate professional schools)
Council on Social Work Education
Alfred Stamm, Director
Division of Educational Standards and Accreditation
345 East 46th Street, New York, New York 10017

SPEECH PATHOLOGY AND AUDIOLOGY
(master's degree programs)
American Speech and Hearing Association
Claude S. Hayes, Chairman
Education and Training Board
9030 Old Georgetown Road, Washington, D. C. 20014

TEACHER EDUCATION
(baccalaureate and graduate degree programs)
National Council for the Accreditation of Teacher Education
Rolf W. Larson, Director
1750 Pennsylvania Avenue, N. W., Washington, D. C. 20006

THEOLOGY
(graduate professional schools)
American Association of Theological Schools
David S. Schuller, Associate Director, Commission on Accrediting
534 Third National Building, Dayton, Ohio 45402

VETERINARY MEDICINE
(professional programs leading to DVM or VMD degrees)
American Veterinary Medical Association
W. M. Decker, Director of Scientific Activities
600 South Michigan Avenue, Chicago, Illinois 60605

ASSOCIATIONS AND AGENCIES RECOGNIZED FOR THEIR PREACCREDITATION CATEGORIES

The following nationally recognized accrediting bodies are currently recognized by the Commissioner as reliable authority to establish satisfactory assurance through awarding preaccreditation status to educational institutions:

REGIONAL ASSOCIATION COMMISSIONS

Commission on Higher Education,
Middle States Association of Colleges and Secondary Schools

Commission on Institutions of Higher Education,
New England Association of Schools and Colleges

Commission on Institutions of Higher Education,
North Central Association of Colleges and Secondary Schools

Commission on Higher Schools,
Northwest Association of Secondary and Higher Schools

Commission on Colleges,
Commission on Occupational Education Institutions,
Southern Association of Colleges and Schools

Accrediting Commission for Senior Colleges and Universities,
Accrediting Commission for Junior Colleges,
Western Association of Schools and Colleges

DENTISTRY
Council on Dental Education,
American Dental Association

ENGINEERING TECHNOLOGY
Engineers' Council for Professional Development

MEDICINE
Liaison Committee on Medical Education Representing the Council on Medical Education of the American Medical Association and the Executive Council of the Association of American Medical Colleges

PROFESSIONAL AND TECHNICAL NURSING
Boards of Review for Diploma Programs, Associate Degree Programs,
Baccalaureate and Higher Degree Programs,
National League for Nursing, Inc.

OPTOMETRY
American Optometric Association

OSTEOPATHIC MEDICINE
American Osteopathic Association

THEOLOGY
Commission on Accrediting,
American Association of Theological Schools

VETERINARY MEDICINE
Council on Education,
American Veterinary Medical Association

RECOGNITION OF STATE AGENCIES FOR APPROVAL OF NURSE EDUCATION

CRITERIA AND LIST

For the purpose of determining eligibility for Federal assistance, pursuant to Public Law 88-581, as amended, the United States Commissioner of Education is required to publish a list of recognized accrediting bodies, and of State agencies, which he determines to be reliable authority as to the quality of training offered by schools and programs for diploma, associate degree, and baccalaureate and graduate degrees in nursing. In pursuance of this mandate, the following criteria for recognition of State agencies were established and published in the January 16, 1969 Federal Register.

CRITERIA

The following are the criteria which the Commissioner of Education will utilize in determining whether a State agency is reliable authority as to the quality of training offered by schools of nursing.

The State agency:

1. Is statewide in the scope of its operations and is legally authorized to accredit schools of nursing.
2. Makes publicly available:
   a. Current information covering its criteria or standards for accreditation;
   b. Reports of its operations;
   c. Lists of schools of nursing which it has accredited.
3. Has an adequate organization and effective procedures, administered by a qualified board and

staff, to maintain its operations on a professional basis. Among the factors to be considered in this connection are that the agency:

a. Uses experienced and qualified examiners to visit schools of nursing to examine educational objectives, to inspect courses, programs, administrative practices, services and facilities and to prepare written reports and recommendations for the use of the reviewing body—and causes such examinations to be conducted under conditions that assure an impartial and objective judgment;

b. Secures sufficient and pertinent data concerning the qualitative aspects of the school's educational program;

c. Requires each school of nursing accredited to follow clearly defined refund policies governing all fees and tuition paid by students;

d. Enforces a well defined set of standards regarding a school's ethical practices, including recruitment and advertising;

e. Requires each school of nursing accredited to submit a comprehensive annual report, including current data on:

    (1) Progress toward achievement of its stated objectives in nursing education;

    (2) Qualifications and major responsibilities of the dean or director and of each faculty member;

    (3) Policies used for selection, promotion, and graduation of students;

    (4) Practices followed in safeguarding the health and well-being of students;

    (5) Current enrollment by class and student-teacher ratios;

    (6) Number of admissions to school per year for past 5 years;

    (7) Number of graduations from school per year for past 5 years;

    (8) Performance of students on State board examinations for past 5 years;

    (9) Curriculum plan;

    (10) Brief course descriptions;

    (11) Descriptions of resources and facilities, clinical areas, and contractual arrangements which reflect upon the academic program.

f. Regularly, but at least every 2 years, obtains from each accredited school of nursing:

    (1) A copy of its audited fiscal report, including a statement of income and expenditures;

    (2) A current catalog.

g. Makes initial and periodic on-site inspections of each school of nursing accredited.

h. Has clear, written procedures for (a) the accreditation of a school of nursing or institution, (b) placing it on a probationary status, (c) revoking the accreditation, and (d) reinstating accreditation.

The list of recognized accrediting bodies, and of State agencies, will include organizations which have been determined by the Commissioner of Education to be reliable authority as to the quality of training offered by schools of nursing. For purposes of institutional and program accreditation, as provided for in the Nurse Training Act, those appropriate accrediting associations designated by the Commissioner as "Nationally Recognized Accrediting Agencies and Associations" (the seven regional accrediting commissions and the National League for Nursing, Inc.) will be listed.

Any other association or State agency which desires to be included on the list should request inclusion in writing. Each association of State agency listed may be re-evaluated from time to time by the Commissioner.

BEST COPY AVAILABLE

For initial recognition and for extension of recognition (in connection with re-evaluation), the association or State agency will be requested to furnish information establishing its compliance with the stated criteria. This information may be supplemented by personal interviews or investigation of the association's or agency's facilities, records, personnel qualifications, and administrative procedures. No adverse decision will be finalized without affording opportunity for a hearing.

LIST

REGIONAL ACCREDITING COMMISSIONS

Commission on Higher Education,
Middle States Association of Colleges and Secondary Schools

Commission on Institutions of Higher Education,
New England Association of Schools and Colleges

Commission on Institutions of Higher Education,
North Central Association of Colleges and Secondary Schools

Commission on Higher Schools,
Northwest Association of Secondary and Higher Schools

Commission on Colleges
Southern Association of Colleges and Schools

Accrediting Commission for Junior Colleges,
Accrediting Commission for Senior Colleges and Universities,
Western Association of Schools and Colleges

NATIONAL SPECIALIZED ACCREDITING ASSOCIATIONS*

National League for Nursing, Inc.

STATE AGENCIES

California Board of Nursing Education and Nurse Registration
Iowa State Board of Nursing
Missouri State Board of Nursing
Montana State Board of Nursing
New Hampshire Board of Nursing Education and Nurse Registration
New York Board of Regents
West Virginia State Board of Examiners for Registered Nurses

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* For certain purposes other than the administration of P.L. 88-581, the National Association for Practical Nurse Education and Service, Inc., has been listed by the U.S. Commissioner of Education as a nationally recognized accrediting agency.

DIRECTORY OF ACCREDITED POSTSECONDARY INSTITUTIONS

The *Directory* is an annual publication prepared by the Accreditation and Institutional Eligibility Staff of the U.S. Office of Education. It contains lists of educational institutions having accredited status or recognized preaccredited status with the regional and specialized accrediting agencies and associations listed by the U.S. Commissioner of Education. Copies of the *Directory* may be purchased from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

NONGOVERNMENTAL COORDINATING AGENCIES

The Council of Regional Secondary School Accrediting Commissions serves as the coordinating agency for the seven commissions on secondary education of the regional associations. Its general purpose is to provide an organization through which the regional commissions for secondary schools can unite and communicate to advance the cause of voluntary institution-based evaluation and accreditation for public and non-public schools and for a diversity of other types of secondary schools.

The Federation of Regional Accrediting Commissions of Higher Education, which was established in 1964, coordinates the work of the postsecondary commissions of the regional accrediting associations. Currently, the Federation functions to establish principles and policies at the national level to be administered by the regional commissions in carrying on their accrediting activities. It also coordinates the activities of these commissions.

The Federation functions to assist institutions of higher education in meeting the problems of changing times and sponsors various research projects aimed at the development and improvement of institutional evaluation techniques.

The National Commission on Accrediting was established in 1949 by colleges and universities to serve as a coordinating agency for specialized accrediting activities in collegiate education. A private agency, the National Commission has worked as the agent for its member educational institutions in granting recognition to accrediting agencies, helping to improve accrediting standards and practices, fostering increased cooperation among accrediting agencies, and recommending action concerning specialized accreditation to its members.

July 15, 1974

ACCREDITATION AND INSTITUTIONAL ELIGIBILITY STAFF
U.S. OFFICE OF EDUCATION

Selected Listing of AIE Staff On-Site Investigations of School Practices During the Period 1970-74

Total Number of Reviews: 22
- AICS - 14
- NATTS - 3
- NHSC - 4
- State Approved - 1
- Collegiate - 1

Major Cases:

Riverside University, Calif. '71 (AICS)
Southwestern Michigan College, Michigan '74
Blayton Business College, Ga. '74 (AICS)
Cortez Peters, D.C. '74 (AICS)
Stride-Dominican College, Wis. '71
Wehling Ed. System, Texas '73 (AICS)

Other Cases by Agency:

AICS
Jones College, Fla. '70
Lear Siegler, Md. '70
Durham Business College, Texas '72
Draughon's Business College, Texas '72
Texas State Legislature Study '70
Durham Business College, Texas '71
McMahon College, Texas '73
LTV Education Systems (3), Texas '71

NATTS
Career Academy/ Lewis Hotel-Motel, Calif. '70
Career Academy, Ga. '72
Western Tech., Denver, Col. '70

NHSC
International Business Academy, Okla. '72
Mayday Co., Wash. '73
Famous Writers School, Conn. '70
La Salle Extension University, N.Y. & Chicago '70 & '71

State Approved
American Institute of Science and Tech., Penn. '70

Collegiate
Stride-Dominican (see above)
Southwestern Michigan College (see above)

U. S. Office of Education
Accreditation and Institutional Eligibility Staff
Institutions Eligible for the Guaranteed Student Loan Programs
June 30, 1974

Foreign Schools			800
Non-accredited		800	
Degree	799		
Non-degree voc.	21		
Proprietary Schools			1685
Accredited		1341	
Degree	52		
Non-degree	1289		
Non-Accredited		344	
4-year and Higher			1730
Accredited		1404	
Pre-Accredited		239	
3 I-C		87	
Junior Colleges & Institutes			1300
Accredited		830	
Pre-Accredited		419	
3 I-C		51	
Hospital Schools of Nursing			450
Accredited		450	
Non-Accredited		0	
3 I-C		0	
Medical Technology			1353
Accredited		1353	
Non-Accredited		0	
3 I-C		0	

Public Area Voc. Schools - (Non-degree)		1000
Accredited	139	
Non-Accredited-(Adv. C.)	812	
State Approved	49	
TOTAL		8318

Total Universe

Accredited		5517
Pre-Accredited		658
3 I-C		138
Adv. Committee Approved		1156
Proprietary	344	
Public Area Vocational	812	
State Approved Area Voc. Schools		49
Foreign Schools		800
Higher Education	779	
Vocational	21	
TOTAL		8318

Eligibility Termination (1970 to 6/30/74)

Degree Granting Institutions

Loss of Accredited Status	3	
Loss of 3 I-C	7	
Closed	86	
TOTAL		96

Proprietary Institutions

Loss of Accredited Status	129	
Closed	105	
Loss of Adv. Committee approval	156	
Merged with other schools	15	
TOTAL		405

Public or non-profit Vocational Schools

Loss of accredited status	18	
Closed	133	
Loss of Adv. Committee approval	37	
Merged with other schools	10	
TOTAL		198

Guaranteed Student Loan Program - Vocational Schools
June 30, 1974

Proprietary Schools		1685
Accredited	1341	
Non-accredited	344	
State Approved		49
Public Area Vocational Schools		816
Accredited	4	
Non-accredited	812	
Allied - Medical		450
	Total	3000

Institutional Eligibility Unit
Specialized and Vocational Schools
Accreditation & Institutional Eligibility Staff
Bureau of Higher Education
September 1972

I. GUARANTEED/FEDERALLY INSURED STUDENT LOAN PROGRAM

The guaranteed loan program provides students with the opportunity to borrow money for higher education or vocational training in postsecondary schools that offer business, trade, and technical or other vocational training. The program assists eligible students in obtaining loans from private commercial lenders; the Federal Government insures the loan's repayment and pays the interest of certain eligible students while in school and during authorized periods of deferment.

Students seeking loans under the program must attend an "eligible institution." This means a school seeking eligibility must meet the requirements listed below and indicate its interest in participating in the program by completing and returning the enclosed application and required documents.

(A) Eligible vocational schools are those:

--legally authorized to provide a program of postsecondary education which trains for useful employment in recognized occupations;

--that have been in existence for at least two years;

--that admit only those students who have completed or left elementary or secondary schools and who have the ability to benefit from the training offered;

--that provide a program of vocational or technical education of not less than 300 clock hours of classroom instruction or its equivalent (correspondence courses must require normal completion in not less than six months);

--that have been accredited by one of the nationally recognized accrediting associations or agencies listed on the enclosed statement.

(B) The eligibility requirements for public or nonprofit institutions of higher education are included on Enclosure D.

II. VOCATIONAL EDUCATION ACT OF 1963, CONTRACTUAL GRANTS

This program provides that, under certain conditions, State Directors of Vocational Education can enter into contractual arrangements with private vocational schools to provide postsecondary training programs that are designed to prepare students for advanced or highly skilled technical occupations.

A school interested in participating in this program must first establish its eligibility to participate in the program; then apply directly to the State Director of Vocational Education, State Department of Education, State Capitol. The eligibility requirements for vocational schools are the same requirements listed under (A) above.

Institutional Eligibility Unit--SVS
Accreditation and Institutional
Eligibility Staff
Bureau of Post Secondary Education
January 1974

ATTACHMENT C

ELIGIBILITY REQUIREMENTS
PROPRIETARY INSTITUTIONS OF HIGHER EDUCATION
Higher Education Act of 1965, as amended

Eligible proprietary institutions of higher education are schools which:

--provide not less than a six-month program of training to prepare students for gainful employment in a recognized occupation,

--admit as regular students only persons having a certificate of graduation from a school providing secondary education, or the recognized equivalent of such certificate,

--are legally authorized within such State to provide a program of education beyond secondary education,

--are accredited by a nationally recognized, accrediting agency or association listed on the enclosed statement,

--have been in existence for at least two years.

ATTACHMENT D

(Nonprofit schools)

Institutional Eligibility Unit--SVS
Accreditation and Institutional
Eligibility Staff
Bureau of Higher Education
September 1972

ELIGIBILITY REQUIREMENTS

PROGRAMS AUTHORIZED BY THE HIGHER EDUCATION ACT OF 1965, AS AMENDED

The term "institution of higher education" means an educational institution in any State which:

(1) admits as regular students only persons having a certificate of graduation from a school providing secondary education, or the recognized equivalent of such certificate,

(2) is legally authorized within such State to provide a program of education beyond secondary education,

(3) provides an educational program for which it awards a bachelor's degree or provides not less than a two-year program which is acceptable for full credit towards such a degree, or any school which provides not less than a one-year program of training to prepare students for gainful employment in a recognized occupation,

(4) is a public or other nonprofit institution, and

(5) is accredited by a nationally recognized accrediting agency or association approved by the Commissioner for this purpose or if not so accredited,

(a) is an institution with respect to which the Commissioner has determined that there is satisfactory assurance, considering the resources available to the institution, the period of time, if any, during which it has operated, the effort it is making to meet accreditation standards, and the purpose for which this determination is being made, that the institution will meet the accreditation standards of such an agency or association within a reasonable time, or

(b) is an institution whose credits are accepted on transfer by not less than three institutions which are so accredited, for credit on the same basis as if transferred from an institution so accredited.

Institutions can meet 5(a) if the institution has been designated as a Correspondent or Recognized Candidate by one of the Regional Accrediting Associations. Institutions planning to qualify under 5(b) must submit a list to this Unit naming at least three students who have transferred to each of three accredited institutions along with the dates of transfer. The Office will communicate with the records offices of the accredited institutions to verify the transfer of credit procedure.

(c) is a public postsecondary vocational institution applying for student assistance programs and is approved by a State agency listed by the Commissioner of Education for this purpose.

ELIGIBILITY CHECKLIST

INSTITUTION:

YES	ELIGIBILITY INFORMATION SURVEY	NO
	1. ADMITS HIGH SCHOOL GRADS (or EQUIVALENT ONLY)	
	2. LEGALLY AUTHORIZED BY STATE for POSTSECONDARY PROGRAM	
	3. OFFERS a BA DEGREE or a 2 Yr Program Acceptable toward such	
	or offers a 2 Yr ASSOCIATE DEGREE	
	or offers 2 Yr Vocational/Occupational Work	
	or offers 1 Yr GAINFUL EMPLOYMENT	
	4. PUBLIC/or	
	NonProfit	
	or PROPRIETARY	
	5. ACCREDITATION	
	or PRE-ACCREDITED	
	or 3-INSTITUTIONAL CERTIFICATION	
	6. CIVIL RIGHTS COMPLIANCE	
	7. SECTARIAN	
	REGULAR CLASSES REGULAR	
	ENROLLMENT	

BEST COPY AVAILABLE

GOVERNMENTAL AND NON-GOVERNMENTAL AGENCIES UTILIZING INFORMATION ABOUT THE ACCREDITED STATUS OF INSTITUTIONS AND PROGRAMS

JUNE 1971

by

The Accreditation and Institutional Eligibility Staff

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Bureau of Higher Education

A number of organizations, both governmental and non-governmental are concerned with the accreditation status of institutions of higher education. The Accreditation and Institutional Eligibility Staff services these organizations on a continuing basis, providing current information about accreditation and the status of educational institutions. The organizations listed below are frequently concerned with information provided by the AIE staff:

GOVERNMENTAL AGENCIES

1. Air Force- Student nursing programs are affiliated with Air Force Hospitals. Affiliated institutions must be accredited by an agency listed by the U.S. Commissioner of Education.

2. Armed Forces Chaplains Board- Potential military chaplains must have earned degrees from institutions accredited by nationally recognized accrediting bodies.

3. Army Nurse Corps- Supports medical education programs accredited by nationally recognized accrediting associations.

4. Census Bureau- Collects basic research data from the AIE staff on the accreditation status of post-secondary educational institutions.

5. Civil Service Commission- Candidates for Civil Service examinations must be graduates of accredited institutions in order to sit for certain examinations. The Civil Service Commission often needs historical information on the accreditation status of institutions for its credential evaluation work.

6. Department of Defense- The Army, Navy, Marine Corps, and Coast Guard consult with the U.S. Office of Education to determine the accredited status of institutions for early release programs, for determining the eligibility of personnel for educational benefits, and for granting other benefits to military personnel and their dependents.

7. Department of Housing and Urban Development- Grants are made to accredited institutions for the construction of college housing.

8. Department of Labor, Bureau of Labor Statistics- AIE provides current information to BLS on the accredited status of institutions which the Bureau uses in the preparation of research documents.

9. Department of State- Information on the nature and quality of U.S. institutions of higher education is provided to potential foreign students by the Department of State. AIE supplies this information by reporting on the accreditation status of institutions.

10. Immigration and Naturalization Service- Before the Attorney General may approve a U.S. institution for the attendence of non-immigrant students, he is required by law to consult with the Office of Education to determine whether applicant institution is considered "an established institution of learning or other recognized place of study, is operating a bona fide school, and has the necessary facilities, personnel, and finances to instruct in recognized courses." The service required is perfromed by the AIES staff at elementary, secondary, higher, and vocational-technical levels.

11. The Institute of International Education- In its quasi-official role as the agency facilitating study of students in countries other than their own, IIE utilizes the services provided by the AIES in its activities.

12. Library of Congress- Staff members call on AIE for data necessary in LC research projects and to obtain information requested directly by Members of Congress.

13. Members of Congress- Congressional offices continually contact the AIES for information about the academic and eligibility status of higher education and vocational-technical schools located in their respective districts or states.

14. National Institutes of Health- NIH requires current information on the accreditation status of institutions in order to determine the eligibility of applicants for research grants.

15. National Library of Medicine- Maintenance of current information on the accreditation status of educational institutions offering pre-medical curricula is a service performed by the NLM. This information is used across the country by medical schools evaluating credentials of potential students.

16. Office of Education- USOE program staff requires information about the accreditation status of educational institutions for administration of post-secondary programs established under the Higher Education and Vocational Education statutes.

The AIES certifies to the National Center for Educational Statistics the eligibility of institutions of higher education on the basis of accreditation or an acceptable equivalent, for inclusion in the Education Directory: Higher Education, published annually by the Office of Education, and probably the most widely used publication issued by the Office.

17. Public Health Service- AIES certifies to the Surgeon General, Public Health Service, the accredited or pre-accredited status of medical, dental, osteopathic, pharmaceutical, podiatric, and veterinary schools, to facilitate the administration of The Public Health Service Act. It also certifies to the Division of Nursing, PHS, the accredited status (or acceptable equivalent) in the case of nursing schools or programs at the hospital, associate, baccalaureate and higher degree levels. This includes certification of nursing schools accredited by State nurse approval agencies.

18. Social Security Administration- Students attending accredited institutions of higher education are eligible to receive survivors benefits under Social Security legislation and SSA sometimes requests AIES for this information.

19. State Departments of Education- Information on the accreditation status of institutions of higher education is requested by state teacher certification offices. Historical data are often needed by these offices.

20. State Higher Education Assistance Agencies- Information about the accreditation and eligibility status of institutions is constantly requestd by these agencies which administer loans to eligible students in eligible institutions under the provisions of Title IV(b) of the Higher Education Act of 1965, as amended.

21. Veterans Administration- Information on the accreditation status of institutions is needed by the VA in their administration of the War Orphans Educational Assistance Act of 1956, Public Law 82-550, the Veterans Readjustment Assistance Act, first enunciated the responsibility of the U.S. Commissioner of Education for publishing a list of nationally recognized accrediting agencies which he determined to be reliable authority as to the quality of education and training offered by educational institutions and programs. The AIES supplies the VA with information necessary for the performance of its functions under the provisions of this act.

NON-GOVERNMENTAL AGENCIES

22. American Association of University Professors- Information is frequently sought by the AAUP as membership in this organization is limited to faculty of accredited institutions of higher education.

23. College Blue Book Corporation- Requests for information on the accreditation status of institutions is made by this company for use in their publications.

24. Educational Testing Service- ETS requests information for their own internal research purposes.

25. National Education Association- The NEA utilizes information on accreditation in its research efforts.

26. International Association of Universities, Paris, France- This organization publishes a world directory every two years and requests a list from the AIE staff of accredited U.S. institutions of higher education.

27. Peterson's Annual Guides to Graduate Study, Undergraduate Study- This corporation consults AIES for information used in compiling its guides.

28. Press (magazines and newspapers)- AIES receives requests from the press for information about institutions currently in the news including enterprises designated as degree mills or subject to such designation.

29. The Public- Many citizens request current and historical information about the accreditation and eligibility status of institutions of higher education and vocational-technical schools.

NATIONALLY RECOGNIZED ACCREDITING AGENCIES AND ASSOCIATIONS

THE FOLLOWING ACCREDITING BODIES HAVE BEEN RECOGNIZED BY THE UNITED STATES COMMISSIONER OF EDUCATION AS BEING RELIABLE AUTHORITIES CONCERNING THE QUALITY OF EDUCATION OR TRAINING OFFERED BY EDUCATIONAL INSTITUTIONS OR PROGRAMS.

FEBRUARY 1974

U.S. Department of Health, Education, and Welfare
Office of Education
Bureau of Postsecondary Education
Accreditation and Institutional Eligibility Staff

REGIONAL ACCREDITING COMMISSIONS

Middle States Association of Colleges and Secondary Schools
Harry W. Porter, Executive Secretary
Commission on Higher Education
Gateway One, Raymond Plaza West
Newark, N. J. 07102

New England Association of Schools and Colleges
Robert R. Ramsey, Jr., Director of Evaluation
Commission on Institutions of Higher Education
131 Middlesex Turnpike, Burlington, Mass. 01803

Ralph O. West, Director of Evaluation
Commission on Independent Secondary Schools
131 Middlesex Turnpike, Burlington, Mass. 01803

Richard J. Bradley, Director of Evaluation
Commission on Public Secondary Schools
131 Middlesex Turnpike, Burlington, Mass. 01803

Daniel S. Maloney, Director of Evaluation
Commission on Vocational Technical Institutions
131 Middlesex Turnpike, Burlington, Mass. 01803

North Central Association of Colleges and Secondary Schools
Joseph Semrow, Executive Secretary
Commission on Institutions of Higher Education
5454 South Shore Dr., Chicago, Ill. 60615

Northwest Association of Secondary and Higher Schools
James F. Bemis, Executive Director
Commission on Higher Schools
3731 University Way, NE., #104, Seattle, Wash. 98105

Southern Association of Colleges and Schools
Gordon W. Sweet, Executive Secretary
Commission on Colleges
795 Peachtree St., NE., Atlanta, Ga. 30308

Bob E. Childers
Commission on Occupational Education Institutions
795 Peachtree St., NE., Atlanta, Ga. 30308

Western Association of Schools and Colleges
Kay J. Andersen, Executive Director
Accrediting Commission for Senior Colleges and Universities
c/o Mills College, Oakland, Calif. 95350

Harry D. Wiser, Secretary
Accrediting Commission for Junior Colleges
Post Office Box 4065, Modesto, Calif. 95350

NATIONAL SPECIALIZED ACCREDITING ASSOCIATIONS AND AGENCIES

Accrediting Association of Bible Colleges
John Mostert, Executive Director
Box 543, Wheaton, Ill. 60187

Accrediting Bureau of Medical Laboratory Schools
Hugh A. Woosley, Administrator
3038 West Lexington Ave., Oak Manor Offices
Elkhart, Ind 46154

Accrediting Commission on Graduate Education for
Hospital Administration
Gary L. Filerman, Executive Director
One Dupont Circle, NW., Washington, D.C. 20036

American Assembly of Collegiate Schools of Business
Jesse M. Smith, Jr., Managing Director
101 North Skinker Blvd.
St. Louis, Mo. 63130

American Association of Nurse Anesthetists
Bernice O. Baum, Executive Director
111 East Wacker Dr., Chicago, Ill. 60601

American Association of Theological Schools
Jesse H. Ziegler, Executive Director
534 Third National Bldg., Dayton, Ohio 45402

American Bar Association
Louis Potter, Assistant Director
Section of Legal Education and Admissions to the Bar
1155 East 60th St., Chicago, Ill. 60637

American Board of Funeral Service Education
William H. Ford, Administrator
201 Columbia St., Fairmont W.Va. 26554

American Chemical Society
J. H. Howard, Secretary
Committee on Professional Training
343 State St., Rochester, N.Y. 14650

American Council on Education for Journalism
Baskett Mosse, Executive Secretary
Accrediting Committee
Northwestern University, 215 Fisk Hall
Evanston, Ill. 60201

American Council on Pharmaceutical Education
Fred T. Mahaffey, Secretary
77 West Washington St., Chicago, Ill. 60602

American Dental Association
Thomas J. Ginley, Secretary
Council on Dental Education
211 East Chicago Ave., Chicago, Ill. 60611

American Library Association
Agnes L. Reagan, Assistant Director for Education
Office of Library Education
50 East Huron St., Chicago, Ill. 60611

American Optometric Association
Ellis S. Smith, Jr., Executive Secretary
Council on Optometric Education
7000 Chippewa St., St. Louis, Mo. 63119

American Osteopathic Association
Albert E. O'Donnell, Director
Office of Education
212 East Ohio St., Chicago, Ill. 60611

American Podiatry Association
John L. Bennett, Director
Council on Podiatry Education
20 Chevy Chase Circle, NW., Washington, D.C. 20015

American Psychological Association
Ronald B. Kurz, Associate Educational Affairs Officer
1200 17th St., NW., Washington, D.C. 20036

American Public Health Association, Inc.
Maggie Matthews, Staff Associate
Office of Health and Manpower
1015 H St., NW., Washington, D.C. 20036

American Society of Landscape Architects
Gary O. Robinette, Associate Executive Director
1750 Old Meadow Rd., McLean, Va. 22101

American Speech and Hearing Association
Claude S. Haynes, Chairman
Education and Training Board
9030 Old Georgetown Rd., Washington, D.C. 20014

American Veterinary Medical Association
W. M. Decker, Director of Scientific Activities
Department of Education and Licensure
600 South Michigan Ave., Chicago, Ill. 60605

Association for Clinical Pastoral Education
Charles E. Hall, Jr., Executive Director
Interchurch Center, Suite 450
475 Riverside Dr., New York, N.Y. 10027

Association of Independent Colleges and Schools
Dana R. Hart, Secretary
Accrediting Commission
1730 M St., NW., Washington, D.C. 20036

Cosmetology Accrediting Commission
James R. Taylor, Executive Director
25755 Southfield Rd., Southfield, Mich. 48075

Council on Medical Education, American Medical Association
in Cooperation with:
Accreditation Committee, American Occupational Therapy Association
Committee on Accreditation in Basic Education, American Physical Therapy Association
Curriculum Review Board, American Association of Medical Assistants
Education and Registration Committee, American Medical Record Association
Joint Review Committee for Inhalation Therapy Education
Joint Review Committee on Education for the Assistant to the Primary Care Physician
Joint Review Committee on Education in Radiologic Technology
Joint Review Committee on Education Programs in Nuclear Medicine Technology
National Accrediting Agency for Clinical Laboratory Sciences
C. H. William Ruhe, Secretary
Council on Medical Education, AMA
535 North Dearborn St., Chicago, Ill. 60610

Council on Social Work Education
Alfred Stamm, Director
Division of Educational Standards and Accreditation
345 East 46th St., New York, N.Y. 10017

Engineers' Council for Professional Development
David R. Reyes-Guerra, Executive Director
345 East 47th St., New York, N.Y. 10017

Liaison Committee on Medical Education
(In even numbered years)
C. H. William Ruhe, Secretary
Council on Medical Education
American Medical Association
535 North Dearborn St., Chicago, Ill. 60610

(In odd numbered years)
John A. D. Cooper, President
Association of American Medical Colleges
One Dupont Circle, NW., Suite 200, Washington, D.C. 20036

National Accreditation Council for Agencies Serving the Blind and Visually Handicapped
Alexander F. Handel, Executive Director
79 Madison Ave., New York, N.Y. 10016

National Architectural Accrediting Board
Helen Steele, Executive Secretary
1735 New York Ave., NW., Washington, D.C. 20006

National Association for Practical Nurse Education and Service
Rose G. Martin, Executive Director
122 East 42nd St., New York, N.Y. 10017

National Association of Schools of Art
William Lewis, Director
Commission on Accrediting
College of Architecture and Design, University of Michigan, Ann Arbor, Mich. 48104

National Association of Schools of Music
Robert Glidden, Executive Secretary
One Dupont Circle, NW., Suite 650, Washington, D.C. 20036

National Association of Trade and Technical Schools
William A. Goddard, Secretary
Accrediting Commission
2021 L St., NW., Washington, D.C. 20036

National Council for Accreditation of Teacher Education
Rolf W. Larson, Director
1750 Pennsylvania Ave., NW., Washington, D.C. 20006

National Home Study Council
William A. Fowler, Executive Secretary
Accrediting Commission
1601 18th St., NW., Washington, D.C. 20009

National League for Nursing
Margaret E. Walsh, General Director and Secretary
10 Columbus Circle, New York, N.Y. 10019

Society of American Foresters
Donald R. Theoe, Director of Professional Programs
1010 16th St., NW., Washington, D.C. 20036

OTHER

Board of Regents
Ewald Nyquist, Commissioner of Education
State Education Department
The University of the State of New York
Albany, N.Y. 12224

Inquiries should be directed to:

John R. Proffitt
Director
Accreditation and Institutional Eligibility Staff
Bureau of Postsecondary Education
U.S. Office of Education
Washington, D.C. 20202

federal register

FRIDAY, MARCH 1, 1974
WASHINGTON, D.C.
Volume 39 ■ Number 42
Pages 7915–8146

PART I

THE NATIONAL ARCHIVES OF THE UNITED STATES
1934

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DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

[45 CFR Part 149]

NATIONALLY RECOGNIZED ACCREDITING AGENCIES AND ASSOCIATIONS

Proposed Criteria for Recognition

Notice is hereby given to accrediting agencies and associations, and other interested parties that the Commissioner of Education pursuant to the authority of 20 U.S.C. 1141(a), proposes to issue the criteria set forth below as Subpart A of Part 149 of Title 45 of the Code of Federal Regulations under which the national recognition of accrediting agencies and associations is accorded. The criteria set forth standards for accrediting agencies and associations which are designed to provide assurance that the agencies are functional, responsible, reliable, autonomous and generally dependable authority as to the quality of training offered. These Criteria for Recognition of Nationally Recognized Accrediting Agencies and Associations would supersede the criteria previously promulgated on January 16, 1969, 34 FR 643–644.

The effectiveness of these criteria will be closely monitored by the Commissioner during the first year of their implementation. It is the Commissioner's intention to propose within the next eighteen months (no later than June 1975) such further revisions of these criteria as are appropriate in light of this review and other ongoing studies and reports dealing with accreditation and institutional eligibility. Recognized accrediting agencies, institutional representatives, State representatives, and other affected Federal agencies will be consulted fully during the review and in the analysis of the scheduled relevant studies and reports when these have been completed.

Interested parties are invited to submit written comments, suggestions, or objections regarding the proposed criteria to the Accreditation and Institutional Eligibility Staff, Bureau of Postsecondary Education, U.S. Office of Education, Washington, D.C. 20202, on or before April 1, 1974. Comments received will be available in the Office of the Accreditation and Institutional Eligibility Staff, Office of Education, Room 4068, Regional Office Building #3 at 7th and D Streets, SW., Washington, D.C. between the hours of 8:00 a.m. and 4:30 p.m., Monday through Friday.

Dated: January 31, 1974.

DUANE J. MATTHEIS,
Acting U.S. Commissioner of Education.

Approved: February 26, 1974.

CASPAR W. WEINBERGER,
Secretary of Health, Education, and Welfare.

Subpart A—Criteria for Nationally Recognized Accrediting Agencies and Associations

Sec.
149.1 Scope.
149.2 Definitions.
149.3 Publication of list.
149.4 Inclusion on list.
149.5 Initial recognition; renewal of recognition.
149.6 Criteria.

AUTHORITY: 20 U.S.C. 403(b), 1085(b), 1141(a), 1248(11); 42 U.S.C. 293a(b), 295f–3(b), 295h–4(1)(D), 298b(f); 8 U.S.C. 1101(a)(15)(F); 12 U.S.C. 1749c(b); 38 U.S.C. 1775(a).

Subpart A—Criteria for Nationally Recognized Accrediting Agencies and Associations

§ 149.1 Scope.

Accreditation of institutions or programs of institutions by agencies or associations nationally recognized by the U.S. Commissioner of Education is a prerequisite to the eligibility for federal financial assistance of institutions and the students attending such institutions under a wide variety of Federally supported programs. The recognition of such agencies is reflected in lists published by the Commissioner in the FEDERAL REGISTER. Inclusion on such list is dependent upon the Commissioner's finding that any such recognized agency or association is reliable authority as to the quality of training offered. The Commissioner's recognition is granted and the agency or association is included on the list only when it meets the criteria established by the Commissioner and set forth in § 149.6.

§ 149.2 Definitions.

"Accrediting" means the process whereby an agency or association grants public recognition to a school, institute, college, university, or specialized program of study which meets certain established qualifications and educational standards, as determined through initial and periodic evaluations. The essential purpose of the accreditation process is to provide a professional judgment as to the quality of the educational institution or program(s) offered, and to encourage continual improvement thereof;

"Adverse accrediting action" means denial of accreditation or preaccreditation status, or the withdrawal of accreditation or preaccreditation status;

"Agency or association" means a corporation, association, or other legal entity or unit thereof which has the principal responsibility for carrying out the accrediting function;

"Institutional accreditation" applies to the total institution and signifies that the institution as a whole is achieving its educational objectives satisfactorily;

"Regional" means the conduct of institutional accreditation in three or more States;

"Representatives of the public" means representatives who are laymen in the sense that they are not educators in, or members of, the profession for which the students are being prepared, or in any way are directly related to the institutions or programs being evaluated;

"States" includes the District of Columbia and territories and possessions of the United States.

§ 149.3 Publication of list.

Periodically the U.S. Commissioner of Education will publish a list in the FEDERAL REGISTER of the accrediting agencies and associations which he determines to be reliable authorities as to the quality of training offered by educational institutions or programs, either in a geographical area or in a specialized field. The general scope of the recognition granted to each of the listed accrediting bodies will also be listed.

§ 149.4 Inclusion on list.

Any accrediting agency or association which desires to be listed by the Commissioner as meeting the criteria set forth in § 149.6 should apply in writing to the Director, Accreditation and Institutional Eligibility Staff, Bureau of

Higher Education, Office of Education, Washington, D.C. 20202.

§ 149.5 Initial recognition; renewal of recognition.

(a) For initial recognition and for renewal of recognition, the accrediting agency or association will furnish information establishing its compliance with the criteria set forth in § 149.6. This information may be supplemented by personal interviews or by review of the agency's facilities, records, personnel qualifications, and administrative management. Each agency listed will be reevaluated by the Commissioner at his discretion, but at least once every four years. No adverse decision will become final without affording opportunity for a hearing.

(b) In view of the criteria set forth in § 149.6, it is unlikely that more than one association or agency will qualify for recognition (1) in a defined geographical area of jurisdiction or (2) in a defined field of program specialization within secondary or postsecondary education. If two or more separate organizations in a defined field do seek recognition, they will both be expected to demonstrate need for their activities and that they collaborate closely so that their accrediting activities do not unduly disrupt the affected institution or program.

§ 149.6 Criteria.

In requesting designation by the U.S. Commissioner of Education as a nationally recognized accrediting agency or association, an accrediting agency or association must show:

(a) *Functional aspects.* Its functional aspects will be demonstrated by:

(1) Its scope of operations:

(i) The agency or association is national or regional in its scope of operations.

(ii) The agency or association clearly defines in its charter, by-laws or accrediting standards, the scope of its activities including geographical area, types, and levels of institutions or programs covered.

(2) Its organization:

(i) The agency or association has the administrative personnel and procedures to carry out its operations in a timely and effective manner.

(ii) The agency or association defines its fiscal needs, manages its expenditures, and has adequate financial resources to carry out its operations, as shown by an externally audited financial statement.

(iii) The agency's or association's fees, if any, for the accreditation process do not exceed the reasonable cost of sustaining and improving the process.

(iv) The agency or association uses competent and knowledgeable persons qualified by experience and training, and selects such persons in accordance with nondiscriminatory practices, (A) to participate on visiting teams, (B) to engage in consultative services for the evaluation and accreditation process, and (C) to serve on policy and decision-making bodies.

(v) The agency or association includes on each visiting evaluation team at least one person who is not a member of its policy or decision-making body or its administrative staff.

(3) Its procedures:

(i) The agency or association maintains clear definitions of each level of accreditation status and has clearly written procedures for granting, denying, reaffirming, revoking, and reinstating such accredited statuses.

(ii) The agency or association, if it has developed a preaccreditation status, provides for the application of criteria and procedures that are related in an appropriate manner to those employed for accreditation.

(iii) The agency or association requires, as an integral part of its accrediting process, institutional or program self-analysis and an on-site review by a visiting team.

(A) The self-analysis shall be a qualitative assessment of the strengths and limitations of the institution or program, including the achievement of institutional or program objectives, and should involve a representative portion of the institution's administrative staff, teaching faculty, students, governing body, and other appropriate constituencies.

(B) The agency or association provides written and consultative guidance to the institution or program and to the visiting team.

(b) *Responsibility.* Its responsibility will be demonstrated by the way in which—

(1) Its accreditation in the field in which it operates serves clearly identified needs:

(i) The agency's or association's accreditation program takes into account the rights, responsibilities, and interests of students, the general public, the academic, professional, or occupational fields involved, and institutions.

(ii) The agency's or association's purposes and objectives are clearly defined in its charter, by-laws, or accrediting standards.

(2) It is responsive to the public interest:

(i) The agency or association includes representatives of the public in its policy and decision-making bodies, or in an advisory or consultative capacity that assures attention by the policy and decision-making bodies.

(ii) The agency or association publishes or otherwise makes publicly available:

(A) The standards by which institutions or programs are evaluated;

(B) The procedures utilized in arriving at decisions regarding the accreditation status of an institution or program;

(C) The current accreditation status of institutions or programs, and the date of the next currently scheduled review or reconsideration of accreditation;

(D) The names and affiliations of members of its policy and decision-making bodies, and the name(s) of its principal administrative personnel;

(E) A description of the ownership, control and type of legal organization of the agency or association.

(iii) The agency or association provides advance notice of proposed or revised standards to all persons, institutions, and organizations significantly affected by its accrediting process, and provides such persons, institutions and organizations adequate opportunity to comment on such standards prior to their adoption.

(iv) The agency or association has written procedures for the review of complaints pertaining to institutional or program quality as these relate to the agency's standards, and demonstrates that such procedures are adequate to provide timely treatment of such complaints in a manner that is fair and equitable to the complainant and to the institution or program.

(3) It assures due process in its accrediting procedures, as demonstrated in part by:

(i) Affording initial evaluation of the institutions or programs only when the chief executive officer of the institution applies for accreditation of the institution or any of its programs, and providing for the withdrawal of accreditation only for cause after review, or when the institution or program does not permit reevaluation, after due notice;

(ii) Providing for adequate discussion during the on-site visit between the visiting team and the faculty, administrative staff, students, and other appropriate persons;

(iii) Furnishing, as a result of the evaluation visit, a written report to the institution or program commenting on areas of strengths, areas needing improvement, and when appropriate, suggesting means of improvement and including specific areas, if any, where the institution or program may not be in compliance with the agency's standards;

(iv) Providing the chief executive officer of the institution or program with an opportunity to comment upon the written report and to file supplemental materials pertinent to the facts and conclusions in the written report of the visiting team before the accrediting agency or association takes action on the report;

(v) Evaluating, when appropriate, the report of the visiting team in the presence of a member of the team, preferably the chairman;

(vi) Providing the chief executive officer of the institution with a specific statement of reasons for any adverse accrediting action, and notice of the right to appeal such action;

(vii) Establishing and implementing published rules of procedure regarding appeals which will provide for:

(A) No change in the accreditation status of the institution or program pending disposition of an appeal;

(B) Right to a hearing before the appeal body;

(C) Supplying the chief executive officer of the institution with a written decision of the appeal body, including a statement of specifics.

(4) It has demonstrated capability and willingness to foster ethical practices among the institutions or programs which it accredits, including nondiscriminatory practices in admissions and employment, and fair and equitable student tuition refunds.

(5) It maintains a program of evaluation of its educational standards designed to assess their validity and reliability.

(6) It secures sufficient qualitative information regarding the institution or program which shows an on-going program evaluation of outputs consistent with the educational goals of the institution or program.

(7) It encourages experimental and innovative programs to the extent that these are conceived and implemented in a manner which ensures the quality and integrity of the institution or program.

(8) It accredits only those institutions or programs which meet its published standards, and demonstrates that its standards, policies, and procedures are fairly applied, and that its evaluations are conducted and decisions rendered under conditions that assure an impartial and objective judgment.

(9) It reevaluates at reasonable intervals institutions or programs which it has accredited.

(10) It requires that any reference to its accreditation of accredited institutions and programs clearly specifies the areas and levels for which accreditation has been received.

(c) *Reliability.* Its reliability is demonstrated by—

(1) Acceptance throughout the United States of its policies, evaluation methods, and decisions by educators, educational institutions, licensing bodies, practitioners, and employers;

(2) Regular review of its standards, policies and procedures, in order that the evaluative process shall support constructive analysis, emphasize factors of critical importance, and reflect the educational and training needs of the student;

(3) Not less than two years' experience as an accrediting agency or association;

(4) Reflection in the composition of its policy and decisionmaking bodies of the community of interests directly affected by the scope of its accreditation.

(d) *Autonomous.* Its autonomy is demonstrated by evidence that—

(1) It performs no function that would be inconsistent with the formation of an independent judgment of the quality of an educational program or institution;

(2) It provides in its operating procedures against conflict of interest in the rendering of its judgments and decisions.

[FR Doc.74-4852 Filed 2-28-74;8:45 am]

Educational Consumer Protection Features of the Revised Criteria for Nationally Recognized Accrediting Agencies and Associations

Overall, the Criteria have placed increased emphasis upon responsibility to the public interest and reliability of operations. Specifically, the Criteria require:

1) consideration of the rights, responsibilities, and interests of students, the general public, the academic, professional, or occupational fields involved, and institutions;

2) inclusion of representatives of the public in its policy and decision-making bodies, or in an advisory or consultative capacity that assures attention by the policy and decision-making bodies;

3) availability of public information regarding accreditation standards, procedures, accreditation status, date of next review of accredited institutions or programs, names and affiliations of policy and decision-making bodies, name(s) of its principal administrative personnel, description of the ownership, control and type of legal organization of the agency or association;

4) written procedures for the review of complaints pertaining to institutional or program quality which provide for timely treatment of complaints in a manner that is fair to the complainant and to the institution or program;

5) capability and willingness to foster ethical practices, including nondiscriminatory practices in admissions and employment, and equitable tuition refunds;

6) maintenance of a program of evaluation of the validity and reliability of educational standards;

7) encouragement of experimental and innovative programs to the extent that these are conceived and implemented in a manner which ensures the quality and integrity of the institution or program;

8) accreditation of only those institutions or programs which meet the published standards of the agency or association;

9) assurance that institutions or programs clearly specify the areas and levels for which accreditation has been received;

10) securing of information which demonstrates that the institution or program conducts an on-going program of evaluation of outputs;

11) acceptance throughout the United States of its policies, evaluation methods, and decisions by educators, educational institutions, licensing bodies, practitioners, and employers;

12) regular review of standards, policies, and procedures, in order that the evaluative process shall support constructive analysis, emphasize factors of critical importance, and reflect the educational and training needs of the student;

13) reflection in the composition of agency policy and decision-making bodies of the community of interests directly affected by the scope of accrediting activities,

14) demonstration that the agency or association performs no function that would be inconsistent with the formation of an independent judgment of the quality of an educational program or institution;

15) demonstration that the agency or association provides in its operation against conflict of interest in the rendering of judgments and decisions;

16) provision of advance notice of proposed or revised standards to all persons, institutions, and organizations significantly affected by its accrediting process, and provision of adequate opportunity to comment on such standards prior to their adoption.

Prepared by
Accreditation and Institutional
Eligibility Staff
April 18, 1974

Proposed Rules

This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rulemaking prior to the adoption of the final rules.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

[45 CFR Part 149]

CRITERIA FOR STATE PUBLIC POSTSECONDARY VOCATIONAL EDUCATIONAL AGENCIES

Notice of Proposed Rule Making

Notice is hereby given to State public postsecondary vocational education agencies, and other interested parties that the Commissioner of Education pursuant to the authority of 20 U.S.C. 1087-1(b) proposes to issue the criteria set forth below as Subpart B of Part 149 of Title 45 of the Code of Federal Regulations governing the recognition of State accrediting agencies determined to be reliable authorities as to the quality of public postsecondary vocational education in their respective States. The criteria require State agencies to meet certain standards which are designed to provide assurance that the State agencies are functional, responsible and reliable authorities, and are promulgated in accordance with the requirements of section 438(b) of the Higher Education Act of 1965, as amended.

Interested parties are invited to submit written comments, suggestions, or objections regarding the proposed criteria to the Accreditation and Institutional Eligibility Staff, Bureau of Higher Education, U.S. Office of Education, Washington, D.C. 20202, on or before December 31, 1973. Comments received will be available in the Office of the Accreditation and Institutional Eligibility Staff, Office of Education, Room 4068, Regional Office Building No. 3 at 7th and D Streets SW., Washington, D.C. between the hours of 8:00 a.m. and 4:30 p.m. Monday through Friday.

Dated: October 29, 1973.

JOHN OTTINA,
U.S. Commissioner of Education.

Approved: November 26, 1973.

CASPER W. WEINBERGER,
*Secretary of Health,
Education, and Welfare.*

PART 149—COMMISSIONER'S RECOGNITION PROCEDURES FOR NATIONAL ACCREDITING BODIES AND STATE AGENCIES

Subpart B—Criteria for State Agencies

Sec.
149.20 Scope.
149.21 Publication of list.
149.22 Inclusion on list.
149.23 Initial recognition; reevaluation.
149.24 Criteria.

AUTHORITY: Sec. 438(b) of the Higher Education Act of 1965, Pub. L. 89-329 as amended by Pub. L. 92-318, 86 Stat. 235, 264 (20 U.S.C. 1087-1(b)).

Subpart B—Criteria for State Agencies

§ 149.20 Scope.

(a) Pursuant to section 438(b) of the Higher Education Act of 1965 as amended by Public Law 92-318, the United States Commissioner of Education is required to publish a list of State agencies which he determines to be reliable authorities as to the quality of public postsecondary vocational education in their respective States for the purpose of determining eligibility for Federal student assistance programs administered by the Office of Education.

(b) Approval by a State agency included on the list will provide an additional means of satisfying statutory standards as to the quality of public postsecondary vocational education to be undertaken by students receiving assistance under such programs.

(20 U.S.C. 1087-1(b))

§ 149.21 Publication of list.

Periodically the U.S. Commissioner of Education will publish a list in the FEDERAL REGISTER of the State agencies which he determines to be reliable authorities as to the quality of public postsecondary vocational education in their respective States.

(20 U.S.C. 1087-1(b))

§ 149.22 Inclusion on list.

Any State agency which desires to be listed by the Commissioner as meeting the criteria set forth in § 149.24 should apply in writing to the Director, Accreditation and Institutional Eligibility Staff, Bureau of Higher Education, Office of Education, Washington, D.C. 20202.

§ 149.23 Initial recognition; reevaluation.

For initial recognition and for renewal of recognition, the State agency will furnish information establishing its compliance with the criteria set forth in § 149.24. This information may be supplemented by personal interviews or by review of the agency's facilities, records, personnel qualifications, and administrative management. Each agency listed will be reevaluated by the Commissioner at his discretion, but at least once every four years. No adverse decision will become final without affording an opportunity for a hearing.

(20 U.S.C. 1087-1(b))

§ 149.24 Criteria for State agencies.

The following are the criteria which the Commissioner of Education will utilize in designating a State agency as a reliable authority to assess the quality of public postsecondary vocational education in its respective State.

(a) *Functional aspects.* The functional aspects of the State agency must be shown by:

(1) *Its scope of operations.* The agency:

(i) Is statewide in the scope of its operations and is legally authorized to approve public postsecondary vocational institutions or programs;

(ii) Clearly sets forth the scope of its objectives and activities, both as to kinds and levels of public postsecondary vocational institutions or programs covered, and kinds of operations performed;

(iii) Delineates the process by which it differentiates among and approves programs of varying levels.

(2) *Its organization.* The State agency:

(i) Employs qualified personnel and uses sound procedures to carry out its operations in a timely and effective manner;

(ii) Receives adequate and timely financial support, as shown by its appropriations, to carry out its operations;

(iii) Selects competent and knowledgeable persons qualified by experience and training, and selects such persons in accordance with nondiscriminatory practices, (i) to participate on visiting teams, (ii) to engage in consultative services for the evaluation and approval process, and (iii) to serve on decision-making bodies.

(3) *Its procedures.* The State agency:

(i) Maintains clear definitions of approval status and has developed written procedures for granting, reaffirming, revoking, denying, and reinstating approval status;

(ii) Requires, as an integral part of the approval and reapproval process, institutional or program self-analysis and onsite reviews by visiting teams, and provides written and consultative guidance to institutions or programs and visiting teams.

(d) Self-analysis shall be a qualitative assessment of the strengths and limitations of the instructional program, including the achievement of institutional or program objectives, and should involve a representative portion of the institution's administrative staff, teaching faculty, students, governing body, and other appropriate constituencies.

(b) The visiting team, which includes qualified examiners other than agency staff, reviews instructional content, methods and resources, administrative management, student services, and facilities. It prepares written reports and recommendations for use by the State agency.

(iii) Reevaluates at reasonable and regularly scheduled intervals institutions or programs which it has approved.

(b) *Responsibility and reliability.* The responsibility and reliability of the State agency will be demonstrated by:

(1) Its responsiveness to the public interest. The State agency:

(i) Has an advisory body which provides for representation from public employment services and employers, employees, postsecondary vocational educators, students, and the general public, including minority groups. Among its functions, this structure provides counsel to the State agency relating to the development of standards, operating procedures and policy, and interprets the educational needs and manpower projections of the State's public postsecondary vocational education system;

(ii) Demonstrates that the advisory body makes a real and meaningful contribution to the approval process;

(iii) Provides advance public notice of proposed or revised standards or regulations through its regular channels of communications, supplemented, if necessary, with direct communication to inform interested members of the affected community. In addition, it provides such persons the opportunity to comment on the standards or regulations prior to their adoption;

(iv) Secures sufficient qualitative information regarding the applicant institution or program to enable the institution or program to demonstrate that it has an ongoing program of evaluation of outputs consistent with its educational goals;

(v) Encourages experimental and innovative programs to the extent that these are conceived and implemented in a manner which ensures the quality and integrity of the institution or program;

(vi) Demonstrates that it approves only [illegible] institutions or programs which meet its published standards; that its standards, policies, and procedures are fairly applied; and that its evaluations are conducted and decisions are rendered under conditions that assure an impartial and objective judgment;

(vii) Regularly reviews its standards, policies and procedures in order that the evaluative process shall support constructive analysis, emphasize factors of critical importance, and reflect the educational and training needs of the student;

(viii) Performs no function that would be inconsistent with the formation of an independent judgment of the quality of an educational institution or program;

(ix) Has written procedures for the review of complaints pertaining to institutional or program quality as these relate to the agency's standards, and demonstrates that such procedures are adequate to provide timely treatment of such complaints in a manner fair and equitable to the complainant and to the institution or program;

(x) Annually makes available to the public (A) its policies for approval, (B) reports of its operations, and (C) list of institutions or programs which it has approved;

(xi) Requires each approved school or program to report on changes instituted to determine continued compliance with standards or regulations;

(xii) Confers regularly with counterpart agencies that have similar responsibilities in other and neighboring States about methods and techniques that may be used to meet those responsibilities.

(2) Its assurances that due process is accorded to institutions or programs seeking approval. The State agency:

(i) Provides for adequate discussion during the on-site visit between the visiting team and the faculty, administrative staff, students, and other appropriate persons;

(ii) Furnishes as a result of the evaluation visit, a written report to the institution or program commenting on areas of strength, areas needing improvement, and, when appropriate, suggesting means of improvement and including specific areas, if any, where the institution or program may not be in compliance with the agency's standards;

(iii) Provides the chief executive officer of the institution or program with opportunity to comment upon the written report and to file supplemental materials pertinent to the facts and conclusions in the written report of the visiting team before the agency takes action on the report;

(iv) Provides the chief executive officer of the institution with a specific statement of reasons for any adverse action, and notice of the right to appeal such action before an appeal body designated for that purpose;

(v) Publishes rules of procedure regarding appeals;

(vi) Continues the approval status of the institution or program pending disposition of an appeal;

(vii) Furnishes the chief executive officer of the institution or program with a written decision of the appeal body, including a statement of its reasons therefor.

(c) *Capacity to foster ethical practices.* The State agency must demonstrate its capability and willingness to foster ethical practices by showing that it:

(1) Promotes a well-defined set of ethical standards governing institutional or programmatic practices, including recruitment, advertising, transcripts, fair and equitable student tuition refunds, and student placement services;

(2) Maintains appropriate review in relation to the ethical practices of each approved institution or program.

(20 U.S.C. 1087-1(b).)

[FR Doc.73-25427 Filed 11-29-73;8:45 am]

[45 CFR Part 169]

STRENGTHENING DEVELOPING INSTITUTIONS

Notice of Proposed Rulemaking

Pursuant to the authority contained in Title III of the Higher Education Act of 1965 as amended (20 U.S.C. 1051–1056) notice is hereby given that the Commissioner of Education, with the approval of the Secretary of Health, Education, and Welfare, proposes to issue the following regulations under part 169 of Title 45 of the Code of Federal Regulations covering the operation of the "Strengthening Developing Institutions Program." This program offers special assistance to strengthen the academic quality of developing institutions which have the desire and potential to make a substantial contribution to the higher education resources of the nation but which are struggling for survival and are isolated from the main currents of academic life.

Subpart A of the proposed regulations contains the general provisions; Subpart B sets forth the Criteria for Identifying and Defining "Developing Institutions;" Subpart C sets forth rules and procedures governing the Basic Institutional Development Program; and Subpart D sets forth the regulations concerning the Advanced Institutional Development Program.

Interested persons are invited to submit written comments, suggestions, or objections to the Division of College Support, Bureau of Higher Education, Office of Education, Seventh and D Streets SW., Washington, D.C. 20202. Such responses to this notice will be available for public inspection at the above address on Mondays through Fridays between 8:00 a.m. and 4:30 p.m. All relevant material received by December 31, 1973 will be considered.

Dated: October 30, 1973.

JOHN OTTINA,
U.S. Commissioner of Education.

Approved: November 26, 1973.

CASPAR W. WEINBERGER,
Secretary of Health, Education and Welfare.

(Catalog of Federal Domestic Assistance No. 13.454; Strengthening Developing Institutions Program.)

1. Chapter I of Title 45 of the Code of Federal Regulations is amended by adding a new Part 169, reading as follows:

PART 169—STRENGTHENING DEVELOPING INSTITUTIONS PROGRAM

Subpart A—General Provisions

Sec.
169.1 Statement of purpose.
169.2 Definitions.
169.3 Advisory Council on Developing Institutions.
169.4 Funding limitations.
169.5 Limitation.
169.6 Retention of records.
169.7 Limitation on costs.
169.8 Final accounting.

ACCREDITATION AND INSTITUTIONAL ELIGIBILITY STAFF

U.S. OFFICE OF EDUCATION July 15, 1974

REVIEW OF COMPLAINTS IN THE PROPRIETARY FIELD IN WHICH AIES REQUESTED A REVIEW AND "REPORT OF FINDING" FROM ACCREDITING AGENCIES RECOGNIZED BY THE U.S. COMMISSIONER OF EDUCATION

(A) NUMBER OF COMPLAINTS, 1969-1974:

		Percent
Association of Independent Colleges and Schools (AICS)	245	46%
National Association of Trade and Technical Schools (NATTS)	156	28%
National Home Study Council	139	26%
TOTAL	540	100

(B) SUBJECT OF COMPLAINTS:

1.	Refund Policy	212	28%
2.	Misrepresentation in advertising and illegitimate enrollment practices	208	27%
3.	Instruction, learning facilities, physical plant	186	25%
4.	Job placement services	88	10.5%
5.	School management	31	4.5%
6.	Others	32	4.5%
	TOTAL	757	99.5

(C) NUMBER OF COMPLAINTS PER YEAR, 1969-1974:

Year	No. Complaints	Percentage change
1969	10	
1970	60	
1971	106	77%
1972	161	53%
1973	154	-4.3%
1974	43	

(D) DISPOSITION OF CASES (Approximate)

In favor of school:	In favor of student:
AICS 80%	AICS 20%
NATTS 80%	NATTS 20%
NHSC 45%	NHSC 55%
TOTAL 71%	TOTAL 29%

(E) STATEMENT ON TIME LAG FOR INVESTIGATIONS:

Generally all agencies respond within three to six weeks after they are requested to conduct an investigation. However, on some occasions several months pass before the agency's response is received.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

CHARTER

Accreditation and Institutional Eligibility Advisory Committee

PURPOSE

The Commissioner of Education is required by the Veterans' Readjustment Assistance Act of 1952 (P.L. 82-550) and subsequent legislation to publish a list of nationally recognized accrediting agencies or associations and to determine institutional eligibility for participation of educational institutions in Federal assistance programs based on accreditation by any such agency or an equivalent approval by a committee appointed by the Commissioner. Discharge of these responsibilities necessitates the advice and counsel of persons knowledgeable in the field of institutional eligibility and accreditation.

AUTHORITY

Public Law 82-550 and subsequent legislation, and Section 9(a)(2) of the Federal Advisory Committee Act (P.L. 92-463). This committee is established in accordance with the provisions of the Federal Advisory Committee Act (P.L. 92-463) and with Part D of the General Education Provisions Act (P.L. 91-230) which set forth standards for the formation and use of advisory committees.

FUNCTIONS

The Committee shall be advisory to the Secretary of Health, Education, and Welfare and the Commissioner of Education and shall perform specific functions as follows:

1. Review all current and future policies relating to the responsibility of the Commissioner for the recognition and designation of accrediting agencies and associations wishing to be designated as nationally recognized accrediting agencies and associations, and recommend desirable changes in criteria and procedures;

2. Review all current and future policies relating to the responsibility of the Commissioner for the recognition and listing of State agencies wishing to be designated as reliable authority as to the quality of public postsecondary vocational education, and of nurse education, and recommend desirable changes in criteria and procedures;

BEST COPY AVAILABLE

3. Review and advise the Commissioner of Education in the formation of all current and future policy relating to the matter of institutional eligibility;

4. Review the provisions of current legislation affecting Office of Education responsibility in the area of accreditation and institutional eligibility and suggest needed changes;

5. Develop and recommend to the Commissioner of Education criteria and procedures for the recognition and designation of accrediting agencies and associations in accordance with legislative provisions, Presidential directives, or interagency agreements;

6. Review and recommend to the Commissioner of Education for designation as nationally recognized accrediting agencies and associations of reliable authority all applicant accrediting agencies and associations which meet criteria established under (5) above;

7. Develop and recommend to the Commissioner of Education criteria and procedures for the recognition, designation and listing of State agencies in accordance with statutory provisions, Executive Orders, or interagency agreements;

8. Review and recommend to the Commissioner of Education for designation as State agencies of reliable authority as to the quality of public postsecondary vocational education, and of nurse education, all applicant State agencies which meet criteria established under (7) above;

9. Develop, under the authority of the Vocational Education Act of 1963, as amended, and recommend for the approval of the Commissioner of Education, standards and criteria for specific categories of vocational training institutions which have no alternative route by which to establish eligibility for Federal funding programs;

1[illegible] Develop, under the authority of the Higher Education Act of 1965, as amended, and recommend for the approval of the Commissioner of Education, standards and criteria for specific categories of institutions of higher education, for which there is no recognized accrediting agency or association, in order to establish eligibility for Federal funding programs;

11. Maintain a continuous review of Office of Education administrative practice, procedures and judgments and advise the Commissioner of needed changes;

12. Keep within its purview the accreditation and approval process as it develops in all levels of education;

13. Advise the Commissioner of Education concerning the relations of the Office with accrediting agencies or associations, or other approval bodies as the Commissioner may request.

14. Advise the Commissioner of Education, pursuant to the Bureau of the Budget (Office of Management and Budget) policy dated December 23, 1954, regarding the award of degree-granting status to Federal agencies and institutions.

15. Not later than March 31 of each year, make an annual report of its activities, findings and recommendations.

STRUCTURE

The Committee shall consist of fifteen members, including the chairman, who shall be invited by the Secretary to serve three year terms subject to the continuation of the Committee. The Committee shall include persons knowledgeable of secondary and postsecondary education, representatives of the student/youth population, of professional associations, of State Departments of Education and of the general public.

Management and staff services shall be provided by the Director, Accreditation and Institutional Eligibility Staff, Bureau of Postsecondary Education, who shall serve as OE Delegate to the Committee.

MEETINGS

The Committee shall meet not less than twice each year at the call of the Chairman with the advanced approval of the Commissioner of Education or his designee. The Commissioner or his designee shall approve the agenda for each meeting. Meetings shall be open to the public except as may be determined otherwise by the Secretary; public notice shall be made of all committee meetings.

Meetings shall be conducted, and reports of proceedings kept, as required by the Federal Advisory Committee Act (P.L. 92-463), by 20 USC 1233e (Section 446(b) of the General Education Provisions Act (P.L. 91-230), and by applicable Department regulations. A Government official shall be present at all meetings.

COMPENSATION

Members of the Committee who are not fulltime employees of the Government shall be entitled to receive compensation at a rate of $100 per day plus per diem and travel expenses in accordance with Standard Government Travel Regulations.

ANNUAL COST ESTIMATES

Estimated annual cost for operating the Committee, including compensation and travel expenses, but excluding staff support is $25,000. Estimate of annual manyears of staff support required is 1 at an annual cost of $15,000.

REPORTS

The Committee shall, not later than March 31 of each year, make an annual report to the Congress which shall be submitted with the Commissioner's Annual Report. The Committee's annual report shall also be transmitted to the Secretary through the Commissioner and the Assistant Secretary for Education. Copies of the Annual report shall be sent to the Department Committee Management Officer, the Office of Education Committee Management Officer and the Office of Education Committee Delegate. The Annual Report shall contain as a minimum a list of members and their business adresses, the Committee's functions, a list of dates and places of meetings, and a summary of activities, findings and recommendations made during the year.

DURATION

The Accreditation and Institutional Eligibility Advisory Committee will terminate two years from the date of its establishment unless extension beyond that date is requested and approved by the Secretary.

APPROVED:

Date

Secretary

ADVISORY COMMITTEE ON ACCREDITATION AND INSTITUTIONAL ELIGIBILITY

MEMBER	EXPIRATION DATE
Dr. John E. Barrows Director of Institutional Studies University of Kentucky Lexington, Kentucky 40506	June 30, 1975
Mr. Thomas C. Bolton President Mills River Tomato Corporation P.O. Box 67 Horse Shoe, North Carolina 28742	June 30, 1976
Ms. Roma Brown Council on Health Organizations Association of Schools of Allied Health 7720 "C" Stenton Avenue, Apt. 206 Philadelphia, Pennsylvania 19118	June 30, 1975
The Honorable Lillian W. Burke Judge, Cleveland Municipal Court Cleveland City Hall Cleveland, Ohio 44114	June 30, 1976
Dr. Leadie M. Clark Assistant Superintendent of Instruction Los Rios Community College District 2011 Arden Way Sacramento, California 95825	June 30, 1976
Dr. George L. Grassmuck Professor of Political Science University of Michigan Ann Arbor, Michigan 48104	June 30, 1976
John F. X. Irving, Esq. Dean Seaton Hall University School of Law 40 Clinton Street Newark, New Jersey 07102	June 30, 1977
Mrs. Emiko I. Kudo Administrator Vocational-Technical Education Department of Education Honolulu, Hawaii 96804	June 30, 1977

MEMBER	EXPIRATION DATE
Abner V. McCall, Esq. President Baylor University Waco, Texas 76703	June 30, 1975
Ms. Yolanda Lee McClain 7254 15th Place, N.W. Washington, D.C. 20012	June 30, 1977
Mr. Wendell H. Pierce Executive Director Education Commission of the States 300 Lincoln Tower Building 1860 Lincoln Street Denver, Colorado 80203	June 30, 1977
Mr. George L. Ramey Director Mayo State Vocational School Third Street Paintsville, Kentucky 41240	June 30, 1975
James P. Steele, M.D. Vice President American College of Radiology Box 650 Yankton, South Dakota 57078	June 30, 1977
Dr. Walter D. Talbot State Superintendent of Public Instruction Utah State Board of Education Salt Lake City, Utah 84111	June 30, 1976
Mr. Philip H. Wye Haven Junior High School 2417 Prairie Evanston, Illinois 60201	June 30, 1975

Senator PELL. Our next witness is Dr. Harold Orlans, senior research associate, National Academy of Public Administration Foundation.

STATEMENT OF HAROLD ORLANS, SENIOR RESEARCH ASSOCIATE, NATIONAL ACADEMY OF PUBLIC ADMINISTRATION FOUNDATION

Mr. ORLANS. I have a brief statement, Mr. Chairman, and then I will be glad to answer any questions that I can.

The Commissioner's obligation to recognize certain accrediting agencies as "reliable authority" on the quality of training was imposed by the Congress in 1952 in an effort to protect veterans against predatory proprietary schools.

However, accreditation is neither a necessary nor a sufficient condition of a school's approval for veterans. Many unaccredited schools are also approved and both accredited and unaccredited schools must observe a host of regulations and recordkeeping requirements enforced by State inspectors.

Accredited schools may gain a certain competitive advantage by employing their own refund policy whereas unaccredited schools must adopt stricter pro rate refunds.

The system of veterans' course approvals is administered by State agencies at an annual cost of over $10 million. Inspections are concentrated on short-term "clock hour" courses offered by vocational and proprietary schools rather than on academic and professional courses offered for credit by colleges and universities.

Accreditation is more important in establishing the eligibility of schools for insured student loans, for two reasons:

1. Only accredited proprietary schools can now participate in this program with a few exceptions; unaccredited proprietary schools are ineligible—though unaccredited public vocational schools and unaccredited colleges may be able to qualify.

2. Since the Office of Education does not, like the veterans' State approving agencies, determine the eligibility of individual schools, it has relied heavily on recognized accrediting agencies to make these determinations.

The Office has thus given some private agencies monopolistic power to confer and withdraw eligibility for federally insured loans. In exchange, it has sought to regulate their operations to conform to its changing ideas of the public interest.

Many agencies are happy with this situation; others fear that Government regulation can lead to Government control and to political interference with their standards and decisions.

Over 50 accrediting agencies are now recognized by the Commissioner of Education, including some 7 for whom recognition is purely honorific and serves no eligibility function.

To gain or maintain recognition, each must apply at least once every 4 years and demonstrate its compliance with a set of broad criteria.

Since few agencies comply fully with all criteria, each is potentially vulnerable to charges of noncompliance. The Commissioner may investigate such charges at any time, whether brought to his attention by his staff, by schools which have been denied accreditation, by rival accrediting agencies or educational factions, by Congressmen, or by other critics of agency actions and inaction.

The Commissioner's power of recognition gives him great potential power over agency affairs.

Though application for recognition is voluntary, its benefits are such that no recognized agency has thus far declined to apply for renewed recognition.

However, the Commissioner is also heavily dependent upon recognized agencies, especially those which accredit proprietary schools, because he has no independent means to establish school eligibility.

Though many agencies have been denied recognition, none has yet had its recognition withdrawn, for if recognition were withdrawn from an agency accrediting many schools, an outcry could be expected from the schools who would suddenly be rendered ineligible for insured loans and other programs.

The great advantage of accreditation is that, since it represents an action of private citizens undertaken at the supposedly voluntary request of an institution, it puts on public record a judgment of ostensible educational quality that no Government body dares to make. It divides the universe of educational institutions into two parts—the accredited, which is formally found to meet minimal standards, and the unaccredited, which may or may not meet them.

The question is moot until a school applies for, and is denied, accreditation. A year or two later, it becomes moot again, because much can happen in a year.

Since accreditation is renewed every 5 or 10 or 15 years, it is seldom current, and we cannot be certain if the current quality of any institution is the same as it was 5 or 10 years ago, when it was last examined and granted accreditation.

About 90 percent of higher educational institutions—or some 2,430 out of 2,700—are accredited or preaccredited, but only 20 percent of proprietary schools—or 1,600 to 1,700 out of 10,000.

Therefore, accreditation is virtually redundant for degree-granting institutions, especially the larger colleges and universities—of 787 enrolling 2,500 or more students, only five were not accredited or preaccredited in 1972. However, it is a great practical convenience to any program seeking an inexpensive way to reduce the number of eligible proprietary schools below the number legally authorized to operate.

Indeed, it is almost the only available means of doing so without incurring the large costs of independently inspecting all 10,000 or more schools.

The use of accreditation to establish eligibility for Federal programs strengthens the influence of private educational forces and maintains a private counterweight to what would otherwise be an exclusively governmental system of eligibility determination. And the use of accreditation is politically expedient, gaining the good will and support of powerful educational, professional and business interests.

Unfortunately, it also brings in its train a number of disadvantages. Institutional accreditation is a fallible and intermittent judgment. Some accredited institutions are of poor quality and probity; they may be on confidential probation; and they offer many programs which professional associations consider substandard and have not accredited.

Accredited colleges and proprietary schools have been involved in misleading and meretricious educational, recruiting and financial practices; accredited correspondence and proprietary schools have been named in many Federal Trade Commission orders seeking to protect students from fraudulent and deceitful business practices; and a good case can be made for extending FTC regulatory powers to nonprofit and public institutions guilty of similar abuses.

Contrariwise, a number of good and useful schools remain unaccredited by choice or necessity, because there is no suitable agency in their field or they do not wish to meet certain standards that can be irrelevant to the purposes of a Federal program—as, for example, a religious seminary, technical institute, or business school may not wish to offer liberal arts courses necessary for regional accreditation.

The maintenance by the Commissioner of Education of a list of recognized accrediting agencies has required continued Government scrutiny of agency operations.

On the one hand, this has given the Office of Education an uncomfortable power over these agencies; on the other, it has led the office to put excessive and unrealistic reliance upon them to enforce Government policies, to police member schools, and even to withdraw eligibility via the withdrawal of accreditation, rather than through direct Government action.

The financial importance of eligibility has influenced accreditation judgment and impaired the voluntary nature of accrediting.

Many authorities no longer use the word "voluntary" with regard to accreditation, but speak to it rather as a quasi-governmental or quasi-public activity.

On balance, I believe it is in the interest, both of the public and of accrediting agencies, to reduce the formal reliance now placed on accreditation in eligibility determinations.

As a first step, the exclusive reliance on accreditation as the only means by which proprietary schools can qualify for insured student loans should be ended.

The Office of Education should act independently to disqualify any school which violates the objectives of the loan program. OE should issue, and with the assistance of State authorities enforce any regulations that are needed to accomplish this.

If misleading advertising serves to exploit students it should be made grounds for suspending eligibility. If pro rata tuition refunds and the posting of bond protect a student's rights and the public's funds they should become conditions of eligibility.

It is foolhardy for a Government agency to rely solely on accreditation to render a school eligible or to withdraw its eligibility. No matter how admirable and effective an accrediting agency may be, its purposes differ from those of the Government.

Relying upon accrediting agencies to enforce public policies is an abdication of the Government's direct responsibility to protect the public interest.

Senator PELL. Thank you.

In connection with this statement, "as a first step, the exclusive reliance on accreditation as the only means by which proprietary schools can qualify for insured student loans should be ended."

You do not mean insured student loans. You mean all Government assistance programs, basic education opportunity grants?

Mr. ORLANS. Yes.

Senator PELL. The whole gamut.

In simple terms, as I understand it, your view is that accreditation has been overly utilized by the Federal Government as a crutch on which we should not be leaning quite so hard, is that basically it?

Mr. ORLANS. Yes.

Senator PELL. You suggested an alternative to accreditation for proprietary schools in order to establish eligibility.

I was wondering if you could give us an enlargement, expansion on your idea so that Committee might be in a better position to follow up on it?

Mr. ORLANS. Well, there are, as I see it, only two practical alternatives.

One, as Mr. Proffitt mentioned, would be to expand the authority of State agencies, which they now have under the Mondale Amendment for public vocational schools.

As the bill was originally drafted, I gather, it contained that authority. But the word "private" was deleted at the last minute.

The other alternative, I and some colleagues have suggested in a report, would be to establish a special private agency which would review useful unaccredited schools, and at the request of the Commissioner, or any other Federal official, make requisite determinations that would be used for eligibility purposes.

Senator PELL. I think, in this regard, as you know, the Mondale Amendment, when it left the Senate, covered both public and private institutions.

Mr. ORLANS. Yes.

Senator PELL. But, as a result of the conference, it wound up covering just public institutions.

Mr. ORLANS. Of course, it is convenient to use the States, but it is also unfair to good schools in States which are not approved.

The other objection in giving States this authority is that ultimately we could expect that the population of eligible schools would be identical with the population of licensed schools.

So you have a prospect of 10,000 eligible schools. Ten thousand is a putative figure.

The schools come and go. The turnover in some fields may be 15, 20 percent a year.

If any licensed school in a given State is eligible, we may expect an immediate migration of proprietors from neighboring States. There is at present a very active migration of proprietary schools, and this would only enhance the likelihood of it.

So, you end up over a period of time, as increasing members of States are recognized, with a larger and larger number of eligible proprietary schools.

I think that, as many of these schools are bound to be derelict, regardless of how they become eligible, you will come back inevitably to something like the veterans' State approving agency, or some other system of independent examination, of independent regulations for the admission and removal of schools.

Senator PELL. Do you think that the standards over the last 30 years, say, have gradually gone down, the degrees?

For instance, for the Ph. D. 30 years ago, you had to know two foreign languages and presumably have published work.

Mr. ORLANS. Now, you do not even have to know English.

Senator PELL. What is the reason for this gradual drop, do you think?

Mr. ORLANS. In England, in Europe, where they supposedly have quite high standards, there have been comparable developments.

Senator PELL. What is your view with regard to the external degree programs, such as Nova University?

Mr. ORLANS. Well, I do not want to say anything about Nova. Indeed, I may have a conflict of interest there, as my former boss, George Graham, is actively involved with the Nova program in public administration. I have the highest regard for him.

He was good enough to chair the department of politics at Princeton for many years, and I assume that he has not lowered his standards at Nova.

But I do think that the external degree is a very dangerous degree, and I will be glad to send you a paper in which I develop that, which I will be giving at the American Council on Education meeting in October.

Senator PELL. I would be very interested, because I have read both sides of this discussion.

[The information referred to and subsequently supplied follows:]

The Fatuity of Credentialing Everyone and Everything

Harold Orlans
Senior Research Associate
National Academy of Public Administration Foundation

A paper prepared for a
panel discussion on
"Credentialing of Experience"
at the October 9-11, 1974
American Council on Education
meeting in San Diego.

(August 1974)

It is just and right to employ people in accordance with their ability and experience, not the letters after their name or the certificates in their files. Yet the world is not an entirely just place and those credentials--Ph.D., M.D., B.Sc., A.S., and so forth--are indispensable for many jobs and, for many others, can tip the balance toward the lettered applicant. Napoleon observed that an army could be run with medals; men die for a trinket. Americans are not so different when it comes to their own symbols of worth. It generally helps and seldom hurts to have the right letters after your name. If that were not the case, degree credit enrollments would be much reduced (as was attendance at the American Museum of Natural History when public toilets opened nearby).

In our highly mobile, egalitarian society, where birthplace, class, and education are not immediately evident from a person's appearance and speech (as they are, or were, in Britain), academic credentials serve significant economic and social functions. Should they not, then, be more readily dispensed not only by academic institutions but by new examining bodies? If the credential that certifies graduation is indeed satisfactory evidence that the graduate is qualified to do certain kinds of work--to type or to teach, design a house, write a letter or prescription or at least add and spell correctly--should it not be given, gratis or for a fee, to anyone else who demonstrates that he can do the same thing? And if a license to practice a profession or trade is issued to anyone who passes a state examination, should not anyone be eligible to take that examination, regardless of his formal educational preparation?

Government is supposed to treat all individuals alike and nondiscriminatorily. It should regulate entry to any business, trade, occupation, or profession only to protect the public health and safety. A society which prizes personal freedom and ostensibly prizes competitive enterprise should remove any licensing barriers to safe and competent practice, especially in lucrative professions providing expensive services in short supply. Should that be done by licensing the graduates of foreign medical schools and authorizing doctors licensed in one state and nation to practice in another? Should practical nurses be used to ease the shortage of registered nurses; marriage counsellors, that of clinical psychologists; and psychologists, that of psychiatrists by broadening the scope of the work they are permitted to do by law and private regulation, and are reimbursed for by insurance companies and government programs?

In principle, yes. In practice, we are ensnared by regulations designed to protect us. The byzantine politics of the professions, their power over state licensing boards and examinations, and the difficulty of isolating the technical qualifications necessary for competent practice from those which serve to maintain the monopoly and income of established practitioners make modest reform more likely than transformation of the licensing system. We cannot leap out of history by an appeal to reason. Tests do not write themselves; they are prepared by members of the very profession whose performance we wish to define objectively and democratically, so that a qualified spaniel could practice medicine. Laymen are not competent to intrude and it is difficult for professional men to distinguish standards which serve the public interest from those which serve their own. Hence, we are all subject to The Tyranny of the Experts.[1]

Technical and social standards of performance cannot be cleanly separated. For example, knowledge of the language--and not just a crude but a sensitive knowledge--is important to clinical practice in medicine, psychiatry, psychology, management consulting, or law. Client satisfaction and the quality of service are plainly dependent on the practitioner's perceptiveness, manner, and conduct. Are such matters relevant to initial licensure or subsequent relicensure? In principle, no, when they reflect "purely" social standards with discriminatory consequences--as distinct from those, like legal and ethical standards, which apply equally to all candidates. In practice, however, social and technical standards can be inseparably intertwined and those which prevail inevitably represent the outlook of the men who set them. If Philippine doctors and black plumbers wrote the licensing examinations for doctors and plumbers, more Philippine and black applicants would presumably pass them.

The social and political dimension of performance requirements is evident in the double standard applied by licensing laws to new applicants, on the one hand, and, on the other, to established practitioners exempted under grandfather clauses. James Shannon, when director of the National Institutes of Health, once charged that many doctors were "licensed to kill" because, woefully out of touch with recent medical developments, they could misdiagnose and mistreat patients, with lethal results.[2] The requirement of continuing education for relicensure constitutes a recognition of the problem. It would be fully dealt with if all licensees were reexamined every five years and had to receive the same score on the same tests as new applicants.[3] If that happened, many older and influential men might lose their license--or the passing score might have to be lowered. Since either course would reduce the dominance of established practitioners, neither is likely to occur.

The issuance of academic credentials for knowledge or ability acquired without the normal term of academic servitude is increasingly fashionable. It is stodgy and futile to flout fashion, the more so when it is just to many individuals and rewarding or indispensable to many institutions. Nonetheless, its dangers should be more fully discussed and more directly confronted. Among them are the threat to educational standards, the hazards and limitations of excessive reliance on examinations, and the debasement of the currency of credentials by overprinting.

A rising volume of college credit is being offered to enrollees for "knowledge" or "experience" attested or untested by examination and for "work experience" and "nontraditional" programs taken by registered students. External degree programs and "universities without walls" are expanding; regional "credit banks," educational "passports," "output measures," and the assessment of "experiential learning" are being explored. The approaches lean heavily on the frail reed of "scientific" measurement and share the social sciences' proclivity to cloak, romanticize, or sterilize and, thereby, distort humdrum reality. Colleges and universities are reaching far from their home state with makeshift quarters, correspondence methods, and ad hoc local staff to offer extension courses for credit and degrees to nonresident, part-time, and short-term students. The threat to educational standards is evident. It was ranked first by university respondents in a 1972 survey of obstacles to the introduction of nontraditional programs and new policies for the award of credit.[4]

Some of these activities and the methods used to promote them are embarrassingly like the practices of degree mills, correspondence schools, and proprietary schools which Middle States witnesses testified in the Marjorie Webster case were not fit to associate with regionally accredited institutions. The regionals have been reexamining this policy and, if the standards of for-profit and nonprofit institutions seem closer now than in 1966, that can be for two reasons.

There can be no doubt that, overall, the massive thrust of "nontraditional" education has been sanctioned and promoted by leaders of the higher educational establishment, by the Carnegie Corporation and the American Council on Education, the National Commission on Accrediting and the regional accrediting commissions, the Carnegie Commission on Higher Education and the Commission on Non-Traditional Study, the U.S. Office of Education and state education authorities. Roger Heyns urges that "arbitrary bureaucratic requirements not inhibit movement from one learning experience to another....Our means of credentialing, whether...by educational institutions, professional...associations, or state licensure agencies, must be prepared to provide recognition on an equitable and valid basis for all learning regardless of how and where it takes place. Social justice requires no less. Inequities in credentialing may be the last major area of discrimination in the United States."[5]

The responsible leaders of higher education are well aware of the dangers posed by too rapid, formless, and normless relaxation of the traditional requirements for entrance, credit, degrees, and accreditation, and by too heated competition for students. Stephen Bailey spoke out forcefully, two years ago, about the "Serpents in the Basket of Shiny Apples":

> ...unless very special precautions are taken, credit and degrees for off-campus students by examinations alone can lead to a parade of academic horribles: cram courses organized by fast-buck proprietary schools, a deadly standardization of subject-matter, tutoring to the test....
>
> [Contrariwise, if] programs are allowed to cut away form traditional college-normed examinations, and embark upon highly experimental credit-giving for subjectively evaluated "experience"..., academic standards may be severed from any and all recognizable moorings ....[and] the credit or degrees earned by the external student may have no acceptability for purposes of academic transfer, graduate studies, or employment.[6]

Nonetheless, the need and opportunity to corral more student has led those who are, and are not, concerned about educational quality to move in similar directions. A race is on to stake out property in the new territory, confusion abounds, and the honest citizen must look after himself. It will be some years before the farms are fenced, roads are laid, the mails are reliable, and law and order reigns. Until then, many citizens receiving credit and degrees for knowledge acquired off campus resemble the middle-aged crowd in the New Yorker cartoon listening to their benevolent, berobed king proclaim form his balcony: "It is my wish that this be the most educated country in the world, and toward that end I hereby ordain that each and every one of my people be given a diploma."[7]

Honorary degrees are a quaint, harmless, and, when merited, rather endearing way to honor distinction in scholarship and the world of affairs. An honorary degree is not paid for (though it may, like an ambassadorship, be given for a benefaction, time should pass to mellow the exchange), and it is meretricious to pass one off as earned. When cited, it should be identified as honorary. The distinctive identification of external degrees should, likewise, be expected of honest institutions and individuals. Depending upon the calibre and reputation of a program and its graduates, such a designation may come to mean less or, as with the external degree of London University, more than a degree earned in residence. But it should be honestly labelled.

Similar to an honorary degree is the degree which, I understand, Oxford conferred on faculty who were so unfortunate as not to have earned one there. In their splendid conceit, the dons would recognize no other degree, not that of the old Cambridge or the new; yet if they were to be a society of equals, they should have equal degrees: hence their magnanimity.

The unearned Oxford degree is amusing but, too often, the earned American degree is not. If a master's degree is required for kindergarten teaching, then a master's will be earned—and paid for; and it happens not infrequently that the very faculty who award the degree lobbied for the requirement. Likewise with the requirements for graduation from barber's school, secretarial school, law school, nursing school, college, and graduate school. The linking of degrees to jobs is unfair, wasteful, and not infrequently involves flagrant self-serving by supposedly disinterested scholars. But it is so entrenched and has enough plausibility and practical convenience that it will not soon be eradicated.

Who can condone--and who can eliminate--the compulsory instruction of young and adult students in subjects which may not interest them, which they may not retain, and which have no practical or intellectual relevance to their work or life? Nonetheless, the longer the time spent in attendance and the more stable the institution, curriculum, faculty, and student body, the better can an informed observer assess not just the graduate's knowledge but his educational experience. In some institutions, that experience is still meaningful; a significant community remains, significant friendships form; social, political, and intellectual groups are defined; faculty still talk with their students, get to know them, and can assess their character as well as their knowledge. The years at college or professional school, in short, produce more than an earned degree and that degree signifies more than a certain competence or incompetence in designated subjects. It signifies a formative life experience and, to any prospective employer (or spouse!), a point of departure for learning more about the applicant. Of course, the same earned degree can signify a hundred different things; that is a virtue as well as a weakness. A credential based solely upon an examination tells us nothing about the holder but his performance on one occasion, and that is a pitiful basis for any important decision.

So much is being made of examinations as a means of rectifying the failings of education-based occupational and social placement, one would think they had no failings of their own--that the number generated by a computer-scored test was as reliable and valid a measure of competence as the distance between two lines on a platinum bar is a measure of length. Those who look to examinations to promote equality of opportunity should examine the debates on the discriminatory nature of I.Q., college admission, law school, and educational assessment tests.[8] There are no culture-free (i.e., bias-free) tests because tests are written and taken by culture-bound men. Unlike surveying and aerial photography, which do not affect the terrain being mapped, educational testing not only measures knowledge: it generates it. The more important a test becomes, and the more widely it is employed, the more does it, like a distorting mirror, shape the knowledge it is supposed to reflect. Manuals and cram courses emerge on how to pass it. The arts of multiple choice are mastered while those of spelling and writing are lost. Many professional and trade schools have a merited reputation as "cram schools" designed to help students pass the licensing examination for law, medicine, or pharmacy, dental hygiene, cosmetology, or aircraft mechanics.[9]

What Stephen Bailey called "tutoring to the test" occurs in the New York high schools which have long been geared to the sockets of the Regents examinations. "The trustees of the College Entrance Examination Board have noted with concern the increasing tendency of secondary school students to seek the assistance of special tutors or of special drill at school in the hope of improving thereby scores earned on College Board examinations."[10] The trustees contend that coaching has little affect on these scores;

they are less certain of its affect on tests in specific school subjects.[11] It is hard, though not impossible, to believe that so widespread an activity can be so futile. Nonetheless, coaching has plainly changed the character of the educational process, which, the trustees affirm, is "corrupted in some schools to gain ends which we believe to be not only unworthy but, ironically, unattainable."[12] Their careful statement does not consider the contribution that testing itself has inadvertently made to the corruption of the educational process.[13]

That corruption is most directly manifested in the evidence of cheating which surfaces periodically and, indirectly, in the security measures taken against it.

Scandals involving cheating on final examinations have recently been reported at the Air Force and Naval academies. At the former, 39 cadets were found guilty of cheating; the superintendent of the latter indicates that, in most years, 12 to 15 midshipmen are expelled for cheating.[14] In June 1974, nine of 21 Regents examinations were canceled following the theft of answer sheets or test booklets at three Brooklyn schools. An investigator posing as a high-school student had no difficulty buying copies of two tests for $15 dollars.[15] In Japan, medical license exams reputedly sell for $10,000--a small price for relieving pressures that can lead to suicide. A special licensing examination prepared for the Puerto Rican Board of Medicine had to be abandoned after it was compromised: on one occasion, everyone got a perfect score. According to Cornell law professor Norman Penney, president of the Law School Admissions Council, the "going rate for a ringer...[for the Law

School Admissions Test (LSAT) was] several hundred dollars." After "an increasing number of notices appeared on college bulletin boards on which ringers offered to take the exams for a fee and sometimes guaranteed a certain score" a thumbprint identification of examinees was imposed. While the problem of cheating "is obviously troubling," Penney believes that it is no greater in law than in other professions.[16]

Photographs are now required for admission to several examinations (including the Medical College Admissions Test and the Graduate Record Examination); handwriting samples are taken; driver's licenses and other identification may be inspected and personal questions are used for spot checking, as in a bank. The seating plan is commonly recorded so that, when the computer singles out too-identical papers, as it is programmed to do, they can be checked against the seating arrangement. The computer also compares scores of the same candidate on repeated examinations and notes remarkable gains.[17] However, in the battle between computers and people, people sometimes win. Blank tests are handled like state secrets and, like state secrets, are occasionally leaked. Store rooms are broken into. Where the timing of examinations in different cities permits an advantage to be gained, some individuals take an examination solely to reconstruct it.

Activity of this sort, sometimes organized by teachers, is, of course, perfectly proper when it deals solely with past examinations. (Information booklets distributed by testing agencies often make available sample questions.) In dental hygiene programs, "Students who will be taking the [licensing] test are frequently asked to cooperate with the instructional staff by bringing back questions remembered from the examination. One educator explained that when she had been a student the process had been quite elaborate. Certain students were given responsibility for specific sections of the examination and almost everyone reported back faithfully."[18] Instructors in Buffalo cram courses for the LSAT reportedly encourage examinees to return and discuss the exam; questions used in practice sessions have mysteriously appeared in subsequent examinations.[19] That kind of instruction may be miraculous, legal, or, at least, unimpeachable, but it is morally and educationally depressing.

In recognition of the limitations of standardized tests, much attention is being given to other means of assessing skill and knowledge. The CAEL (Cooperative Assessment of Experiential Learning) project supported by the Carnegie Corporation even avoids the word "examination," concentrating instead on such techniques as interviews, rating scales, oral and written reports, gaming and simulation exercises, certified performances and products, and the evaluation of portfolios.[20] The evaluation of proficiency by the direct observation of performance is also receiving attention in carpentry, plumbing, welding, engine repair, allied health, and other occupations.[21] Such direct evaluation is, of course, traditional in the fine arts, creative writing, architecture, and all the crafts and professions involving a period of apprenticeship.

However, all forms of testing and evaluation are impaled on common dilemmas: of selecting samples of work or knowledge which are representative and yet brief; standardizable and yet fresh and nonrepetitive; natural and yet performable under pressure in an artificial setting. The cheap, readily standardizable, machine-graded multiple-choice test has not escaped the problem of social bias and intellectual simplification. Alternative approaches are more expensive, avowedly subjective, or less widely accepted. As a test comes to be accepted, it tends to subvert its own ends by conditioning training in its field. Each test yields one piece of information. Together with other information, that piece can be useful but alone, it is inadequate for assessment or placement.

To certify knowledge by direct examination can serve many purposes. It can strengthen the market for educational services and industries. It might expand employment opportunities-but 100 million degree holders cannot enjoy the same opportunities as 10 million. It can contribute to maturation or to idleness. It might enhance the social and self esteem of many people--but the merit of being rare is greater than that of being common and soon it will be rare to have no degree.

The well-intentioned prupose of rationalizing the worlds of work and education is at best naive and at worst objectionable. It assumes that occupations can be blocked into unit, objectively measurable skills and knowledge; that the skills (or their surrogate measures, certified by accredited institutions and testing services) can then be assembled, no matter how acquired (in life or school), to qualify any person with the requisite units for any job compounded of the skills they certify. This view of education and work is that of a time and motion engineer, an economist, a computer programmer, or a zealous behaviorist. It is rational, lean, functional, mechanical--and utterly artificial since, omitting what cannot be measured, it omits most of the things that give education and work, society and the individual their distinctive character. It amputates competence from its individual and social context. Seeking to eliminate bias, it eliminates 99 percent of life.

Still, the view is increasingly influential, drawing strength from our practical outlook and democratic convictions. For it is eminently practicable and administrable. Laws and regulations can be written gearing the new credentials to the old, jobs and promotions can be tied to the regulations, and dutiful civil servants, social scientists, and policemen can enforce them.

As an adjunct to living educational institutions, independent, rigorous, and versatile means of certifying knowledge can have much value. A vast, integrated national system of examining and certifying bodies, credit banks, and educational passports--a comprehensive, rationalised "learning society"--would be monstrous. It would not reform education but degrade it. It would not cure the disease of credentialism but succumb to it.

There is nothing new about the "educational passport". Recording, year by year, the bearer's educational history, jobs, residences, certificates, permits, and restrictions, it must be carried by citizens and produced for inspection in communist countries. I do not suggest that the same instrument would produce all of the same effects here. But there are visible connections between rationalization and bureaucracy, between excessive "objectivity," excessive regulation, and the reduction of individual freedom and judgment. Excessive rationality is just another kind of madness.

Notes

1. See Jethro K. Lieberman, The Tyranny of the Experts, How Professionals Are Closing the Open Society, Walker and Co., New York, 1970.

2. Address at the September 1966 meeting of the Markle Scholars, Lake Placid, New York.

3. A more modest recommendation confined to recertification rather than relicensure was made by the Carnegie Commission on Higher Education: "In view of the rapid rate of progress of medical and dental knowledge and the associated problem of educational obsolescence of practicing physicians and dentists, the Commission recommends the development of national requirements for periodic reexamination and recertification of physicians and dentists. These functions should be carried out by specialty boards and other appropriate [private] bodies..." (Higher Education and the Nation's Health, Carnegie Commission on Higher Education, McGraw-Hill, New York, 1970, p.76).

4. As reported in Non-Traditional Programs and Opportunities in American Colleges and Universities 1972, Center for Research and Development in Higher Education, University of California, Berkeley. Fewer respondents from colleges and still fewer from junior colleges considered the "Institution's concern about its academic standards" an obstacle.

5. December 9, 1973 address to the Southern Association of Colleges and Schools, Houston, Texas.

6. Stephen K. Bailey, "Flexible Space/Time Higher Education: Serpents in the Basket of Shiny Apples," address at the March 1972 meeting of the American Association for Higher Education, in Chicago.

7. The cartoon is reproduced in John R. Valley, Increasing the Options, Educational Testing Service, Princeton, New Jersey, 1972, p. 4.

8. See, for example, the report of a recent conference at Hampton Institute, Virginia. "A major national effort was begun here...to curb abuses in the testing of blacks and other minorities and to find new methods of assessing intelligence....The project takes its cue from the widely reported charges that standardized tests are inherently biased against minority groups....Its emphasis, however, is not necessarily to eliminate existing tests, as some have urged, but to work toward 'positive' alternatives....

"The conference was held against a background of mounting opposition to testing among educators. Some groups, including the National Education Association and the Association of Black Psychologists, have called for a moratorium on standardized testing" (Robert L. Jacobson, "Curbs on Bias In Testing Set as Goal," The Chronicle of Higher Education, April 9, 1973 pp. 1,4).

9. The situation in licensure exams for dental hygienists, cometologists, and aircraft mechanics, has been described as follows:

"It is not uncommon to find a special course given during the last year of a dental hygiene program which is designed to prepare students specifically for the examination."

"The fail rate [in state licensing examinations] among students who have attended schools of cosmetology tends to be low. The reason for this is suggested by comments made by the head of one such school in New York....[who] was very proud of the fact that 99.9 percent of his students pass the written test on their first attempt ...He explained that throughout the year, students are drilled on questions from a review book published by Keystone Press....[which] contains about 90 percent of the questions that are likely to appear on the examination. 'On the day of the test, we have the students report to the school at 9 a.m. and we drill them on questions that are almost identical to those they will find on the examination when they take it at 3 o'clock.'"

"The F.A.A. [Federal Aviation Administration] licensing requirements exert a powerful influence on the curriculum in the schools which train [aircraft] mechanics. Educators interviewed acknowledged that they teach whatever the certification tests require, regardless of its relevance....schools place heavy emphasis on preparing students to pass the F.A.A. written examinations" (Benjamin Shimberg et al., Occupational Licensing and Public Policy, Educational Testing Service, Princeton, New Jersey, October 1972, pp. 44, 240-1, 273-4; published as Occupational Licensing: Practices and Policies, Public Affairs Press, Washington, D.C., 1973).

10. "Statement by College Board trustees," in Effects of Coaching on Scholastic Aptitude Test Scores, College Entrance Examination Board, New York, 1968, p. 8.

11. In 1960, the trustees stated that "the Verbal part [of the SAT] seems totally insensitive to drill, while the Mathematical part for some groups may, with effort, be raised by...an average of 25 points on a 600-point scale" (A Description of the College Board Scholastic Aptitude Test, College Entrance Examination Board, New York, 1960, p. 8). In 1968, they stated that "intensive drill for the SAT, either on its verbal or its mathematical part, is at best likely to yield insignificant increases in scores"--i.e., "average increases of less than 10 points on a 600 point scale....We have said nothing about the tests of achievement in specific school subjects. These have not been studied in the same way as has the aptitude test,...We suspect that the question of coaching for these tests is a matter of choosing a method of teaching the subject" (Effects of Coaching..., pp. 8, 10).

12. Ibid., p. 11.

13. That unwelcome contribution was set forth by Banesh Hoffman: "The nation...is placing enormous reliance on machine-graded multiple-choice tests as a measure of ability. But, unhappily, it can be shown that they have grave defects. Our confidence in them can have dangerous consequences not only for education but for the strength and vitality of the nation" ("The Tyranny of Multiple-Choice Tests," Harper's, March 1961, pp. 37-44).

14. See Michael T. Rose and Donald A. Peppers, "Air Force Integrity," New York Times, June 20, 1974, p. 39 and "Naval Academy Expels 7 for Cheating," New York Times, July 10, 1974, pp. 1, 14.

15. See stories in the New York Times of June 18, 1974, pp. 1, 18; June 19, 1974, p. 30; and the editorial "Voluntary Regents'," June 29, 1974, p. 28.

16. Quoted in Andrew Barnes, "Thumb Print Now Required For Law Test," _Washington Post_, October 14, 1973, p. A 2.

17. A circumspect description of test security measures is given in Robert E. Smith, Chairman, Board of Review, _ETS Procedures for Dealing with Impersonation, Copying, and Related Candidate Misconduct in National Testing Programs_, Educational Testing Service, Princeton, New Jersey, January 15, 1973 (6 pp., mimeographed) and _The ACT Supervisor's Manual, Instructions for the Administration of the Act Assessment_, The American College Testing Program, Iowa City, 1973.

18. Shimberg, _op. cit._, p. 44.

19. See Ian C. DeWaal, "Affidavits contend course similarities," _The Spectrum_, State University of New York at Buffalo student paper, October 30, 1972, p. 1.

20. See Morris Keeton, _Accrediting Off-Campus Learning: A New Form of Academic Accountability_, March 1972 (14 pp., offset) and _CAEL, Cooperative Assessment of Experiential Learning_, Condensed version of a proposal submitted to Carnegie Corporation of New York, Educational Testing Service, December 1973 (9 pp., offset).

21. See Joseph L. Boyd, Jr. and Benjamin Shimberg, _Developing Performance Tests for Classroom Evaluation_, ERIC Clearinghouse on Tests, Measurement, and Evaluation (14 pp., offset, no date); Roderick A. Ironside and Adele Richardson, _The Dimensions and Specific Indicators Used to Define Competence and Quality in Medical Care_, September 1973; and material on the National Occupational Competency Testing Institute, all issued by the Educational Testing Service, Princeton, New Jersey.

Mr. ORLANS. It is not just Nova. After all, Nova is an accredited institution, and some of the best established institutions are now offering nonresidential credit and degrees under the leadership of the educational establishment, the Carnegie Corp.—the problem is widespread and by no means confined to unaccredited institutions.

Senator PELL. How do you think we establish a balance, both in proprietary schools and in the external degree programs, between that which is good in them, because there is good, particularly in proprietary schools, which are educating people to cope with the problems of earning a living, and also at the same time preventing the abuses in the fly-by-night aspects of it?

Mr. ORLANS. I have no real solution to this problem.

I think that the institutional accrediting agencies have not maintained standards, and the proprietary accrediting agencies are much newer; if the regional accrediting commissions are unable to maintain quality standards, I do not see that we can reasonably expect any more of the proprietary agencies.

The notion of standards really was dealt with by De Tocqueville. They have given way to the equality of all schools and of all programs which they offer. Insofar as they are definable and meaningful educational standards, they are defined by conservative professional associations which use the standards to maintain a monopoly over entrance into lucrative professional practice.

Senator PELL. I thank you very much. I appreciate your candor.

The purpose of these hearings is concerning the abuse on one hand and making education available to more people on the other hand.

We hope out of this will come at least some changes in direction or policy developments.

I thank you very much.

The hearing is recessed until 10 o'clock tomorrow morning.

[Whereupon, at 11:00 a.m., the subcommittee recessed, to reconvene at 10:00 a.m., Friday, Sept. 13, 1974.]

ACCREDITATION OF POSTSECONDARY EDUCATION INSTITUTIONS, 1974

FRIDAY, SEPTEMBER 13, 1974

U.S. Senate,
Subcommittee on Education of the
Committee on Labor and Public Welfare,
Washington, D.C.

The subcommittee met, pursuant to recess, at 10:03 a.m., in room 4232, Dirksen Senate Office Building, Hon. Claiborne Pell (subcommittee chairman), presiding.

Present: Senator Pell.

Committee staff present: Stephen J. Wexler, counsel; and Roy H. Millenson, minority professional staff.

Senator Pell. The hearing of the Subcommittee on Education on the subject of accreditation will reconvene.

Yesterday we had a most productive and informative session with the Department of HEW, and a very candid discussion of the problem with Dr. Harold Orlans, Senior Research Associate, National Academy of Public Administration Foundation.

Today we will be hearing from representatives of private accreditation agencies themselves, explaining what their function is, how they accomplish their aims, and, ultimately, how they perceive their own role in the Federal scheme.

Our first witness is a panel representing the so-called nonprofit academic accreditation groups, comprised of Frank G. Dickey, Ph. D., executive director, National Commission on Accrediting, and Robert Kirkwood, Ph. D., executive director, Federation of Regional Accrediting Commissions of Higher Education.

Would you come forward, please?

STATEMENT OF FRANK G. DICKEY, PH. D., EXECUTIVE DIRECTOR, NATIONAL COMMISSION ON ACCREDITING, AND ROBERT KIRKWOOD, PH. D., EXECUTIVE DIRECTOR, FEDERATION OF REGIONAL ACCREDITING COMMISSIONS OF HIGHER EDUCATION, A PANEL DISCUSSING NONPROFIT ACADEMIC ACCREDITATION

Mr. Dickey. Mr. Chairman and members of the staff and Subcommittee on Education, I am Frank G. Dickey, executive director of the National Commission on Accrediting.

The National Commission on Accrediting is a private, nongovernmental association of some 1,200 institutions of higher education that banded together in 1949 through the associational mechanism to monitor and coordinate the existing and emerging programs of accreditation for professional and specialized education in this Nation.

I appreciate the opportunity to present this testimony and even though time may preclude the inclusion of the entirety of this written statement in my oral presentation, I request that the entire written statement be entered into the record of these hearings.

During this summer several congressional subcommittees have held hearings relative to the relationship of accreditation and eligibility for Federal funding. The vast majority of the witnesses appearing at these hearings have expressed the belief that the Federal Government should not continue to rely as heavily as they presently do upon accreditation as the almost sole determinant of eligibility for Federal funds. Accreditation was not designed or developed to serve this particular purpose.

The accrediting agencies did not seek this function; rather, it was assigned to them by congressional action; however, in doing so, Congress did not intend that the nongovernmental accrediting organizations should become subject to a set of criteria that now are forcing the accrediting agencies to conform to certain Federal criteria and also to perform tasks that take on the flavor of policing functions not compatible with the work of voluntary associations.

More specifically, accrediting organizations have been enticed to become reluctant extensions of the U.S. Office of Education in order that the accredited schools, programs, and colleges might share in the largesse writ large. Many would now like to break off the relationship, and some have indicated they intend to do so, in order to return to the prerogative which historically and professionally has belonged to them—that of promoting and insuring quality programs of education. All are capable of doing just that and are perfectly willing to abide the scrutiny of the Federal benefactor in so doing. They are not willing much longer to abide the prod which inevitably has followed the scrutiny.

If, as I believe Congress originally intended, there is to remain the partnership relationship between the U.S. Office of Education and the private accrediting bodies in this country, then the Federal body is going to have to quit presuming the majority stockholder attitude in the enterprise.

Let me say that accreditation and accrediting bodies have not been put upon altogether unjustifiably since 1952 when the Commissioner of Education began to rely upon them as the primary determinant of eligibility for Federal funds.

I will say, that in my opinion, the accreditation community has moved much faster in correcting some deficiencies and establishing its capability to speak for eligibility based on quality than has the Federal mechanism in establishing any valid system for determining eligibility for institutions outside the prerogative of accrediting bodies. That really is where most of the current abuse we read about resides.

And, the accrediting bodies can yet go some further, perhaps, in incorporating some of the needed consumer interests into their evaluating processes. They cannot and should not go much further in the direction of acting as enforcers of social policy such as affirmative action, health and safety standards, or collective bargaining agreements.

Here I would like to explain that it is not that accrediting bodies are not favorably inclined toward all of these things, but as I have indicated before, the accrediting bodies feel that they are voluntary agencies, and should not be in the business of policing and enforcing social policy that emanates from certain legal actions.

The time has come, in our opinion, for the legislation relating to the determination of institutional eligibility for Federal funds at the postsecondary level to be revised or amended in such a manner that other factors in addition to accreditation should be utilized in determining eligibility.

After I had presented testimony to another congressional subcommittee earlier this summer some of my colleagues indicated that they believed I had sounded the death knell for nongovernmental accreditation and eligibility functions for purposes of Federal funding. They pointed out that if my suggestions were to be taken seriously by the U.S. Office of Education the Federal Government would establish a parallel system of accreditation by another name with a giant bureaucracy to administer it.

This was not what I had in mind and I should hope that the thousands of institutions in this Nation would resist such a move if it should occur. I assure you that the private accrediting community would do so.

My earlier proposal, stripped of any fancy language, was simply that the Federal Government should rely on accreditation as a significant criterion in determining eligibility for Federal funding, as was originally intended by Congress, but at the same time, the Congress should introduce its own, simpler system, for ascertaining the eligibility for the myriad of programs and institutions.

I wish to emphasize for this subcommittee, as I did for the earlier committee, that accreditation should not be expected to serve as collateral for, nor procurer of Federal funds for institutions, programs, or individual students. Accreditation can and does speak to the consumer up to a point and that point is that the institution or program is providing the very best quality it is capable of providing, given its human and financial resources. But, accreditation cannot authorize the establishment of institutions, nor can it force them to cease to operate. It can only work to help improve those institutions in existence that sincerely seek consultation and services.

Accreditation has served education in this Nation most effectively for more than half a century and it is willing to continue doing so, if it is allowed to operate within its capabilities and voluntary parameters.

It should be pointed out that accreditation cannot be a surrogate ministry of education in a nation where the founding fathers clearly guarded against such a structure; nor can accreditation serve as a protective agency to respond to every consumer complaint.

You may well ask what the alternatives are for determining eligibility if we do not use accreditation as the sole determiner. May I suggest that there are two or three other sources of assistance that should be considered. First, it is my judgment that the Higher Education General Information Survey (HEGIS) has the capability of aiding in the determination of institutional eligibility.

This annual report form, now required of all nonprofit educational systems, contains enough quantitative data from which quality could be interpolated to satisfy the Federal requirement for eligibility for Federal funding. I dare say that it contains more data on which to make a determination than do the periodic reports required of institutions by bona fide accrediting bodies.

Probably with only little modification, the same HEGIS-type report could be made available to the proprietary sector of postsecondary education. Through this method, even though accreditation might be assigned a weighted factor in the eligibility determination, the institutions would be relieved of establishing eligibility solely through the accrediting mechanism.

It would, at the same time, relieve the accrediting bodies of institutional pressure and pressure from various professional bodies to attest to qualitative indices which perhaps should only be decided over a longer period of time. It certainly would, we feel, reinstitute among institutions and programs the desired atmosphere of competing for excellence within parameters other than those to which dollars are attached.

Hopefully, accrediting agencies, for which assuredly there would be decreased activity under such a plan, could then engage in a more cooperative surveillance of postsecondary education with the Federal Government than now exists. To be sure, such a plan forces institutions to pursue a dual role—toward eligibility for Federal funds in one lane and accreditation in the other—but they will have the option of traveling in either lane independent of the other. They do not now have this option.

If what I have proposed would be construed as a threat to some accrediting groups because without the absolute necessity of accreditation for funding many institutions might not seek their services, then so be it. Such a condition would reduce the degree of "mandatism" and reestablish a "voluntarism" on which the concept of accrediting was established. Those institutions voluntarily seeking accreditation would then be doing so at an educationaly higher level of desire.

Second, I should suggest that elements in the assessment of institutional or programmatic quality that have to do with areas set forth in the laws of the land—such as affirmative action, racial integration, equality of opportunity, consumer protection, et cetera—should be eligibility factors monitored by some other than the accrediting agencies. It would be quite appropriate for these responsibilities to be assigned to a qualified State agency, provided the accreditation and institutional eligibility staff of USOE has sufficient evidence of the ability of the State agency to perform these tasks in an effective manner.

In conclusion, let me reemphasize that the education community does not desire that the U.S. Office of Education or any division of that Office become a ministry of education, such as that operating in France. If such a pattern is developed further, we shall lose the spirit of innovation and experimentation that has characterized American higher education over the years. It is appropriate that the Federal Government should check on the proper expenditure of funds; however, the Government should not place itself in the position of oversight that would permit it to determine what should be taught, by whom it should be taught, or how it should be taught. If the present trends continue in the exercise of controls over the accrediting organizations, such an occurrence is most certainly within the realm of possibility. Thank you.

Senator PELL. Thank you, Dr. Dickey.

Dr. Kirkwood, I see you have a fairly substantial statement. You might wish to abbreviate it, and the whole statement will be in the record at the conclusion of your testimony.

Mr. KIRKWOOD. I would appreciate the opportunity to make some comments, and have the full testimony included in the record.

First I would like to express on behalf of the Federation of Regional Accrediting Commissions of Higher Education our opportunity to participate in these hearings. We recognize the importance of the subcommittee's work, and we hope we can help facilitate its contribution to education in the United States.

I would like to begin by emphasizing the purpose of accreditation as it has been carried out over a period of more than half a century by regional accrediting commissions which deal primarily with the nonprofit sector of postsecondary education.

Historically and currently institutional accreditation at the postsecondary level is intended to: Foster excellence in postsecondary institutions through the development of criteria and guidelines for assessing educational effectiveness; encourage institutional improvement through continuous self-study and planning; and assure the educational community, the general public, and other agencies or organizations that an institution has clearly defined and appropriate objectives, maintains conditions under which their achievement can reasonably be expected, appears in fact to be accomplishing them substantially, and can be expected to continue to do so.

Notice that eligibility is not listed among the purposes of institutional accreditation as conducted by the regional accrediting commission.

A very important point to be made at this juncture is that there is an important distinction between accreditation and eligibility. The regional accrediting commissions grant accreditation; they do not grant eligibility for participation in Federal funding programs.

I think it should be pointed out that the history of accreditation as it has been conducted by regional commissions has been one of considerable achievement and of significant contribution to the development of postsecondary education in the United States.

I would like to emphasize the nature of the voluntary participation in the accrediting process. All of the people who participate in the evaluation and consulting activities conducted by the regional accrediting commissions do so on a purely voluntary basis. This has a number of side advantages.

In the first place, it provides extensive in-service training for a sizable number of educators every year. It is our estimate that somewhere in the neighborhood of over 3,000 individuals participate in the work of the regional accrediting Commission each year.

As a result, they learn a great deal about the educational process, and a good deal of cross-fertilization takes place as individuals move about from their own campus to the campuses of other institutions.

I would emphasize too that this reflects a very high degree of professional responsibility in that people willingly, generously, voluntarily give of their time to assist in the improvement of other educational institutions, and in their own self-improvement.

One of our concerns is that accreditation not become so diffuse as to become meaningless. These are times when we have considerable concern over the proliferation of accrediting activities.

Just yesterday, for example, as I understand it, the Acting Deputy Commissioner of Education spoke to this issue and pointed out that there are many who criticize proliferation in accreditation, saying "that the proliferating number of accrediting bodies leads to no useful purpose, and that recognition of new accrediting bodies by the Office of Education serves to stimulate the development of unwarranted accrediting activities."

The Office of Education has taken the position that it recognizes the accrediting agencies only when the public interest demonstrates their need.

Well, I would suggest to you that the further statement by the Acting Deputy Commissioner yesterday bears close scrutiny. He said that:

> First, it is not the role or proper function of the Office of Education to provide overall regulation of the field of accreditation. This is a task for others to assume.

We could not agree more with that statement. I will come back to it later, if I may.

"Second," the Acting Deputy went on, "as a public agency, the Office cannot pursue an elitist or restrictive policy relative to new accrediting bodies."

It is my understanding that a public agency does whatever Congress authorizes it to do. If that includes restricting activities, the public agency may well do that.

Senator PELL. I am afraid you are incorrect. We wish that the administration would do whatever Congress authorized it to do.

Mr. KIRKWOOD. I stand corrected.

However, I should point out that in the criteria for recognition established by the U.S. Commissioner, it is stated very specifically that it is unlikely that more than one association or agency will qualify for recognition.

This does suggest then that the Office of Education does indeed restrict the recognition of accrediting agencies.

Mr. Herrell's third point is that "the Office does not recruit or solicit accrediting agencies to seek recognized status from the Commissioner."

Well, that is like saying that the Federal Government does not solicit or recruit institutions to apply for Federal funds. The funds are there, and obviously the institutions are going to come.

But it seems to me that the important point with respect to proliferation is that it is as much in the public interest to control the proliferation of accrediting activities as it is to attest to their substance and quality and integrity.

Institutions face increasing costs because of accrediting activities. There is also a serious fragmentation that takes place as institutions are subdivided by various specialties and professional groups.

In chemistry, for example, at one time there was one general overall form of accreditation for chemistry.

Now the biochemists, clinical chemists, and several other different kinds of chemists are seeking to subdivide chemistry for purposes of accreditation.

This has implications not only for the integrity of the educational process and for the financial status of institutions, but it also has ultimate implications for the control of institutions.

As accrediting bodies are recognized and establish their position, the control of the institution has increasing difficulties and complications.

So I would suggest that in its considerations, Mr. Chairman, the subcommittee could do well to look at the public interest that is certainly a very important consideration in terms of controlling the proliferation of accrediting activities.

As Mr. Dickey pointed out, and as it is stated in my prepared testimony, the relationship between the accrediting agencies and the Office of Education over the years has generally been a very good relationship. We have worked together closely and cooperatively, but in the past few years there have been some changes developing in that relationship, changes which I think are rather aptly pointed out in a statement that was made before the Special Studies Subcommittee of the House Committee on Government Operations on July 17, 1974, by Dr. Peter Muirhead, who was Deputy Commissioner of Education.

Interestingly enough, that same statement was repeated verbatim by Acting Deputy Commissioner Herrell before this subcommittee yesterday.

I quote the statement:

> The relevant statutes speak only to the Federal reliance on the *outputs* (sic) of the accrediting agencies for eligibility purposes, and those outputs are the lists of accredited institutions or programs maintained by every accrediting body. Because of the vast sums of Federal money which ultimately flow through reliance upon the accrediting mechanism, however, the Office has deemed it only prudent to establish, and gradually intensify, Federal oversight of the operations of those accrediting agencies recognized by the Commissioner. One of the pressing questions right now is just how far this oversight can and should go in order to achieve realistic assurance that both the student's educational rights and the taxpayers' dollars are protected while, at the same time, avoiding unwarranted Federal intrusion into the educational process.

Dr. Muirhead has clearly and precisely stated the nub of the problem. The legitimate role of the Congress in protecting the public interest and public monies is beyond dispute. But it is a far different matter when an executive agency undertakes to extend its regulatory functions by administrative action. If Dr. Muirhead acknowledged the dangers of Federal intrusion into the accrediting process, it should be understandable why those of us more directly engaged are genuinely concerned by recent developments.

We have talked about the possibility of certain Federal agencies coopting the accrediting agencies as what would in effect be enforcement arms of the Federal Government. I think it should be readily apparent how quickly that would destroy the relationship between accrediting agencies and the constituencies they serve.

Dr. Dickey has referred to one alternative for accreditation as a basis for determining eligibility in the HEGIS mechanism, and if the HEGIS mechanism, as it currently exists, does not adequately serve the needs of the legislation for purposes of determining eligibility, we think there is enough expertise available to improve that particular instrument.

We call attention also to the ECS model bill for authorization of postsecondary educational institutions and authority to grant degrees.

I think it was quite evident from the series of articles in the Boston Globe recently how remiss the States are in developing their responsibilities and in exercising their authority in the regulation and control of educational institutions, authority which of course historically and constitutionally is rightfully the prerogative of the States.

So I would suggest that there is still room for considering other alternatives to accreditation as the primary or exclusive basis for determining eligibility for Federal funding.

I would like to conclude by coming back to the point which Deputy Commissioner Herrell made that the Office of Education and the accreditation and institutional eligibility staff should not regulate the whole field of accreditation. We believe this is terribly important, and major steps have already been taken to insure that voluntary nongovernmental accreditation will be greatly strengthened.

Early in 1975 the National Commission on Accrediting and the Federation of Regional Accreditation Commissions will merge into a new Council on Postsecondary Accreditation. The work of the Council will be guided by a board of 36 members, 25 percent of whom will be public representatives appointed by several groups, including the Education Commission of the States and the U.S. Commissioner of Education.

Senator PELL. Will every institution, post-high school level, be represented on this Council, and will this cover accreditation for every institution, be it either vocational school, secretarial school, or liberal arts school?

Mr. KIRKWOOD. My very next sentence, sir, reads:

> There will also be broad representation from the educational community, including public and private, nonprofit, and proprietary, institutional and specialized and professional constituencies.

Senator PELL. That does not answer my question. Let me rephrase it.

Will any institution of post-high school level not be represented on it?

Mr. KIRKWOOD. I cannot think of any, sir. It will cover the whole gamut.

Senator PELL. What about an example of nonaccredited cosmetology schools?

Mr. KIRKWOOD. Cosmetology schools are to be represented through the Council of Specialized Crediting Agencies, which has representation on the Board of the Council on Postsecondary Accreditation.

Senator PELL. So every institution beyond high school will be represented?

Mr. DICKEY. I think I see your point. The nonaccredited institutions would not have direct representation, because representation comes through the various accrediting organizations.

Now, there is one other side of that, though. The 25 percent public representation on this Board, we think, would speak for the entire populace regardless of whether they are accredited or nonaccredited. So, on that basis, I think there would be some voice that would be available for them.

Senator PELL. What about the Berlitz School?

Mr. DICKEY. There is a possibility that their courses will be eligible for evaluation, and for ultimate transfer of credit through a new organization that has just been established by the American Council on Education, namely the Office of Educational Credit, which for many years has reviewed the military courses. Now they are ready to expand their services to include courses that are offered by various types of organizations or institutes, such as Berlitz.

On this basis, the Berlitz courses are eligible not necessarily for accreditation per se, but at least for inclusion as credit courses in accredited institutions. The representation on this Board would come directly, because the American Council on Education, which is the sponsoring agency for the Office of Educational Credit, will have one representative on this Board also.

Senator PELL. Thank you.

Mr. KIRKWOOD. May I just outline briefly some of the purposes of the Council on Postsecondary Accreditation?

They shall be to promote the improvement of postsecondary education, principally through the process of accreditation and such other means as it shall devise;

Review continuously the accrediting practices of all its members to insure the integrity and consistency of their policies and procedures and to safeguard the freedom and quality of postsecondary educational institutions and programs;

Promote the interests of the educational consumer, including provisions for direct public presentation in the conduct of the affairs of the Council; and

Insure that each member accrediting agency of the Council shall provide clearly defined procedures for handling appeals through due process; and a number of other purposes all directed toward strengthening postsecondary education in the United States.

It is fashionable in some quarters these days to deprecate the importance of postsecondary education and to derogate the value of its contributions to American society. We deplore any such tendency. Time and again the educational community has responded vigorously and imaginatively to the Nation's continuously changing needs, and we are confident of its ability to go on doing so.

Formation of the new Council on Postsecondary Accreditation is a current manifestation of that ability. But vigor and imagination are stultified by unnecessary and unwarranted regulation. To lose entirely or even partially the creative and constructive potential of the voluntary accrediting process as it relates to postsecondary institutions would be a profound loss for American education and the Nation.

We respectfully submit, therefore, that the efforts of this subcommittee to reexamine the relationship between accreditation and eligibility for Federal funding are both timely and welcome. The regional accrediting commissions are fully prepared to meet their social and educational responsibilities.

We can do so best, however, in cooperative partnership with Government and not under the constraints of administrative regulation authority by the Congress.

Thank you for your attention, and for the opportunity to testify.

Senator PELL. I thank you both very much. I appreciate, Dr. Dickey, the frankness of your testimony, the open thrust of it.

I understand you are not retaining your present position, and that may account for the extra degree of frankness.

Mr. DICKEY. That is correct. I am going back to the firing line, and get back on the college campus for a while.

Senator PELL. Just for the record, is your Commission set up as a Government Commission or a private commission?

Mr. DICKEY. Private commission. It is nongovernmental, and is supported by the institutions of higher education, and they hold membership in the organization. So it, in essence, represents institutional interests in their relationships with the various professional and specialized accrediting agencies, such as those in law, medicine, and engineering.

Senator PELL. Is there any Government money which goes into its administration and operations?

Mr. DICKEY. No.

Senator PELL. Dr. Kirkwood, the proposed Council you are setting up, would any Government money go into that, or would it be completely private?

Mr. KIRKWOOD. Completely private.

Senator PELL. Basically this proposed Council, which to me, at first brush, sounds like a fine idea, would be taking over the total accrediting processes that are now performed by the Commission which Dr. Dickey has been Chairman, is that correct?

Mr. KIRKWOOD. Well, not taking over the accrediting process. The Council on Postsecondary Education will not be an accrediting agency itself, except insofar as you might interpret the recognition of accrediting agencies as accrediting the accrediting agencies.

But the function of accreditation will remain with the accrediting bodies as presently constituted, with whatever modifications, recognition or changes in that status the Council may decide at some future date.

But the functions of the National Commission on Accrediting and of the Federation of Regional Accrediting Commissions will indeed be taken over by the new Council.

Mr. DICKEY. I might just add that the function of the new Council will really be one of coordinating and monitoring the various accrediting agencies that will continue to perform the functions that Dr. Kirkwood has just outlined.

Senator PELL. One point where I would disagree with Dr. Dickey's thoughts is his concern, or position on the idea of a Department of Education. I would have thought a Department of Education and Culture would be a very good idea. All our legislation is drafted so that the day will come when we can spinoff a Department of Education and Culture.

Mr. DICKEY. Yes. I am glad you raised the question, because I left the improper impression, I think.

I would have no objection, and in fact, I would be heartily in support of a separate Department of Education.

Senator PELL. Would you support a Department of Education and Culture?

Mr. DICKEY. I think this would be a very fresh and interesting approach to it.

What I had in mind in my statement was the fact that we did not want a Ministry of Education that is all powerful, as they have in many other nations of the world—that would determine the content and the methodology of the schools and the colleges and universities. I would not disagree in any way with the concept of a separate Department of Education and Culture, but I would want the functions of it so defined that we would not get over into the business of determining the very heart and nature of education itself.

Senator PELL. This is one of my own dreams. Some time during my chairmanship we may see spun off such a department, because I believe now that the Office of Education, the Endowments for the Arts and Humanities and whatever Federal support there is for Museums, all of this should be put into one agency.

I see it myself as an individual Senator, because I am Chairman of the Subcommittee on Education, Arts and Humanities, and the Smithsonian Institution. They all come under my jurisdiction.

It should come under a departmental head, I think.

Mr. DICKEY. You may be interested in knowing, in my first draft of this testimony I had included some several paragraphs about the desirability of a separate Department of Education, separate from the Department of Health, Education, and Welfare.

In an effort to direct the testimony more directly at the topic under consideration, I left that out. But I think we are in complete agreement on that.

Senator PELL. Good. As I see it, my idea is not just a Department of Education, but a Department of Education and Culture.

Now, as I understand the general broad thrust of your testimony, and as I understand the thrust of the Government people yesterday, the Government feels the private accreditation groups ought to do it, and you feel that the Government ought to do it, and we in Congress will have to make the decision on it.

Would that be an oversimplification, as you see the picture?

Mr. DICKEY. I suppose it gives this appearance of trying to shift the responsibility. Actually I think we would like to see a clearer definition of what the responsibilities are. Obviously accreditation is reluctant to undertake some of the responsibilities that the Office of Education would like for it to assume, not because we disagree with the particular concepts involved, but because we feel it is incompatible with the voluntary organizational pattern.

Mr. Kirkwood may have something to add on this.

Mr. KIRKWOOD. Yes. I think there is a further point to be made there, and that is that while the Office of Education has been laying down all sorts of strictures about what the accrediting agencies shall do, and what is expected of them in the criteria, there are no similiar strictures or guidelines as to what we can expect in terms of the behavior of the Accreditation and Institutional Eligibility Staff, for example.

We do not know how they will handle certain grievances, for example, if they are brought by institutions. We do not know whether they will, or can, or are permitted to interrupt the accrediting process, as we carry it out.

There is as of yet no clearly defined procedure whereby we can know how the Office of Education will respond to particular situations.

Senator PELL. As I understand the thrust of your testimony, accreditation should just become one factor in eligibility.

Your thought is, there could be accredited institutions that might not be eligible for governmental financial aid available to students, and there might also be unaccredited institutions that would be eligible, is that correct?

Mr. DICKEY. This is correct from my point of view.

Senator PELL. An academically eligible institution, but on its last leg financially, might be accredited, but noneligible.

On the other hand, an excellent, little, newly started career training school might be still unaccredited, for time reasons, or others, and yet would be eligible?

Mr. DICKEY. I would say I think, the first example is probably unlikely, because if an institution is that much on the rocks it probably is not going to offer quality programs, but it is conceivable. Certainly the latter example you gave is true.

Senator PELL. There are examples, I am sure, of academically sound institutions which are in bad financial condition.

We in the Congress usually are asked, or are expected to come up with quick answers on any given subject. In this field we are expected to create some special law that would affect certain schools which are accredited, but which are also so-called bad actors.

Yesterday's testimony, and yours again, indicates that there is really no simple answer What do you think we should do?

Mr. KIRKWOOD. I am not Solomon, nor do I have a simple answer, either.

Senator PELL. Do you have a complex answer?

Mr. KIRKWOOD. We have tried to suggest, sir, that there is obviously a proper role for the Government in the field of education. Many of us are deeply indebted for the leadership that has come out of the Office of Education, and from the Congress, in recent years in developing what have been often very imaginative programs, programs which inevitably because they were developed by human beings, did have limitations; on the whole, the record is truly a remarkable record, I think something we all ought to be greatly proud of.

At the same time, there is, as Dr. Dickey has suggested, a fear of too much governmental involvement in education. The historic nature of checks and balances in this country has been, I think, often the best solution, where instead of giving ultimate and absolute power to any one agency or any one body of Government, or outside of the Government, whatever it may be, we have devloped balancing mechanisms whereby one agency has certain authority and responsibility, a second agency may be of similar or related authority and responsibility, but one tends to check the other if it gets out of line.

I think there is room for a very effective, cooperative relationship between the Office of Education and the Council on Postsecondary Accreditation, and the various individual accrediting agencies.

I think what we need perhaps most of all is a clearer definition of what the parameters of responsibility and authority are for the government bodies.

I think here it is important to distinguish between the limits of Federal authority for education and the responsibilities of the States for control and regulation of educational activities.

There is a fine line at times, and sometimes the independent nongovernmental bodies can help to fill the gap between the Federal and State government and agencies.

But to get more specific than that at this point, I think, would be extremely difficult.

Senator PELL. The trouble is that we have to be specific, and we are faced with specific problems. Along this line, the total picture of a person's education, certainly the fact that he has finished the Dale Carnegie course, the Berlitz course, or Evelyn Woods' speedy reading course, whatever it is, these courses add a great deal to the total intellectual or earning power—capacity of that individual. Should it be included in the total educational transcript of the individual, or do you keep accredited institutions on one side, and then nonaccredited on the other side, and then add them separately or together?

Do you have any views on this rather complicated thought?

Mr. KIRKWOOD. I think there is a very important distinction to be made between the accreditation of institutions and the educational record of the individual. We do not involve ourselves with individuals. We do not accredit individuals. If an individual graduates from an accredited institution, he is not an accredited graduate. He is a graduate of an accredited institution.

The record you speak of is something that many of us have been looking to as a very desirable development, wherein an individual will have—in fact, John Summerville, at Educational Testing Service, is working on a project to develop what is called an educational passport, which would be a lifelong record of an individual's educational activities wherever they may have taken place, whether they be in the formal institution, or whether they be in informal courses, or whatever they may be.

We see that as highly desirable. I think too often in the past we have tried to compartmentalize education too strictly. We have confined certain kinds of education and said, well, that was acceptable, but then we have ignored whole other areas of experience or educational training and development, which I think are equally and sometimes more important.

Our hope really would be that we could develop the concept of the individual as having a continual educational development and experience which could be recorded in one of several ways.

The regents of the New York State Department of Education are developing one way. Thomas Edison College in New Jersey is developing another way. Empire State College in New York, and the Antioch College system are developing in still other ways.

There are a number of very innovative and interesting, if still experimental, projects along these lines. But the thrust of many of them is to give the individual the kind of credentialing which is no longer just a diploma of the accredited university or college, but a credential which reflects more accurately what he has learned through various ways over the course of his entire lifetime.

This I think would be highly desirable.

Senator PELL. Thank you.

What is your view, either of you gentlemen, or both, with regard to the nonresident, or external, less painful Ph. D. program, like Nova University, do you have any view on that?

Mr. DICKEY. Well, it is a very touchy and difficult question, because there are some programs that are very reliable and worthy of recognition. There are others that perhaps have not been adequately staffed and thought out, and maybe the standards are not as rigid as they should be.

Senator PELL. Let us be specific and talk about Nova University.

Mr. DICKEY. I would agree with something that Dr. Kirkwood and I talked about earlier, that is that Nova University perhaps has been looked at more carefully and consistently over a longer period of time than many of the more traditional institutions.

The accrediting organization for that region, the Southern Association of Colleges and Schools, has been working with, and has reviewed the programs of Nova for a period now at least, I am sure, of 8 or 9 years. So they have certainly adequate information I think on which to base their decisions.

The really difficult question comes when you compare it with certain other nontraditional schools and, say what is the real difference between Nova and X University that may not be accredited. But I think that basically in terms of what the product of the school is, what the procedures are, what the staffing pattern is, and so forth, that all of these things have been very carefully looked at by the Southern Association as far as Nova is concerned.

Senator PELL. Is there ever an insidious relationship between individual accreditors and their participation in a university in some of the quirky weekend seminars, whatever they are called?

Mr. DICKEY. So far as I know, I do not know of anything of that nature.

Senator PELL. Is it your view that the graduate of Nova, from your own knowledge, and you should have specific knowledge of this, while he may not measure up to a Yale Ph. D., does measure up to what is considered the lowest level of Ph. D.'s?

Mr. DICKEY. I think that is a safe assumption. The quality of the individuals holding degrees from Nova certainly would be comparable to those from other institutions. I think this is part of the assessment that the accrediting organization made to determine whether or not the product is such that it might be comparable to others.

Mr. KIRKWOOD. I would tend to make a distinction between less painful and less arduous. I think sometimes the doctoral process, as we have known it, has been painful, but not necessarily always as demanding, and as arduous as it should have been.

Senator PELL. It is financially painful.

Mr. KIRKWOOD. Yes, and sometimes even physically painful. But I do think in the case of Nova, as Dr. Dickey has pointed out, there has been a great deal of surveillance on this institution simply because it has been controversial. It is an innovative undertaking, and here I think is a good illustration of the dilemma that the accrediting commissions have been faced with as non-traditional activities have developed in recent years.

The difficulty of drawing a line between what is legitimate experimentation and giving that experimentation an opportunity to prove itself out, and those things which are clearly opportunistic and are at best marginally respectable educationally.

Senator PELL. I thank you both very much for the frankness and thrust of your testimony.

I wish Dr. Dickey good luck in his new pastures back in academia. Thank you for being with us.

Mr. DICKEY. Thank you.

[The prepared statements of Mr. Dickey and Mr. Kirkwood and other material subsequently submitted by the National Commission on Accrediting follow:]

TESTIMONY
for
SENATE SUBCOMMITTEE ON EDUCATION

Frank G. Dickey
Executive Director
National Commission on Accrediting
September 12, 1974

Mr. Chairman and members of the Senate subcommittee on Education, I am Frank G. Dickey, Executive Director of the National Commission on Accrediting. The National Commission on Accrediting is a private, non-governmental association of some 1,200 institutions of higher education that banded together in 1949 through the associational mechanism to monitor and coordinate the existing and merging programs of accreditation for professional and specialized education in this nation.

I appreciate the opportunity to present this testimony and even though time may preclude the inclusion of the entirety of this written statement in my oral presentation, I request that the entire written statement be entered into the record of these hearings.

During this summer several Congressional subcommittees have held hearings relative to the relationship of accreditation and eligibility for federal funding. The vast majority of the witnesses appearing at these hearings have expressed the belief that the federal government should not continue to rely as heavily as they presently do upon accreditation as the almost sole determinant of eligibility for federal funds. Accreditation was not designed or developed to serve this particular purpose. The accrediting agencies did not seek this function; rather, it was assigned to them by Congressional action; however, in doing so, Congress did not intend that the nongovernmental accrediting organizations should become subject to a set of criteria that now are forcing the accrediting agencies to conform to certain federal criteria and also to perform tasks that take on the flavor of policing functions not compatible with the work of voluntary associations.

More specifically, accrediting organizations have been enticed to become reluctant extensions of the U.S. Office of Education in order that the accredited schools, programs, and colleges might share in the largesse writ large. Many now would like to break off the relationship, and some have indicated they intend to do so, in order to return to the prerogative which historically and professionally has belonged to them --that of promoting and insuring quality programs of education. All are capable of doing just that and are perfectly willing to abide the scrutiny of the federal benefactor in so doing. They are not willing much longer to abide the prod which inevitably has followed the scrutiny.

If, as I believe Congress originally intended, there is to remain the "partnership" relationship between the U.S. Office of Education and the private accrediting bodies in this country, then the federal body is going to have to quit presuming the majority stockholder attitude in the enterprise.

Let me say that accreditation and accrediting bodies have not been put upon altogether unjustifiably since 1952 when the Commissioner of Education began to rely upon them as the primary determinant of eligibility for federal funds.* I will say, that in my opinion, the accrediting community has moved much faster in correcting some deficiencies and establishing its capability to speak for eligibility based on quality than has the federal mechanism in establishing any valid system for determining eligibility for institutions outside the prerogative of accrediting bodies. That really is where most ofthe current abuse we read about resides.

And, the accrediting bodies can yet go some further, perhaps, in incorporating some of the needed consumer interests into their evaluating processes. They cannot and should not go much further in the direction of acting as enforcers of social policy such as affirmative action, health and safety standards, or collective bargaining agreements.**

The time has come, in our opinion, for the legislation relating to the determination of institutional eligibility for federal funds at the postsecondary level to be revised or amended in such a manner that other factors in addition to accreditation should be utilized in determining eligibility.

After I had presented testimony to another Congressional subcommittee earlier this summer some of my colleagues indicated that they believed I had sounded the death knell for nongovernmental accreditation when I advocated a separation of the accreditation and eligibility functions for purposes of federal funding. They pointed out that if my suggestion were to be taken seriously by the U.S. Office of education the federal government would establish a parallel system of accreditation by another name with a giant bureaucracy to administer it.

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* Veterans' Readjustment Assistance Act of 1952 (P.L. 82-550)

**Proposed Criteria for Recognition, Nationally Recognized Accrediting Agencies and Associations, Office of Education, Federal Register, Vol. 39, No. 42, Friday, March 1, 1974. p. 7948, 149.6 (Criteria) b(4).

This was not what I had in mind and I should hope that the thousands of institutions in this nation would resist such a move if it should occur. I assure you that the private accrediting community would do so. My earlier proposal, stripped of any fancy language, was simply that the federal government should rely on accreditation as a significant criterion in determining eligibility for federal funding, as was originally intended by Congress, but at the same time, the Congress should introduce its own, simpler system, for ascertaining the eligibility for the myriad of programs and institutions.

I wish to emphasize for this subcommittee, as I did for the earlier committees, that accreditation should not be expected to serve as collateral for, nor procurer of federal funds for institutions, programs or individual students. Accreditation can and does speak to the consumer up to a point and that point is that the institution or program is providing the very best quality it is capable of providing given its human and financial resources. But, accreditation cannot authorize the establishment of institutions, nor can it force them to cease to operate. It can only work to help improve those institutions in existence that sincerely seek consultation and services.

Accreditation has served education in this nation most effectively for more than half a century and it is willing to continue doing so, if it is allowed to operate within its capabilities and voluntary parameters.

It should be pointed out that accreditation cannot be a surrogate ministry of education in a nation where the founding fathers clearly guarded against such a structure; nor can accreditation serve as a protective agency to respond to every consumer complaint.

You may well ask what the alternatives are for determining eligibility if we do not use accreditation as the sole determiner. May I suggest that there are two or three other sources of assistance that should be considered. First, it is my judgment that the Higher Education General Information Survey (HEGIS) has the capability of aiding in the determination of institutional eligibility.

This annual report form, now required of all nonprofit educational institutions, contains enough quantitative data from which quality could be interpolated to satisfy the federal requirement for eligibility for federal funding. I dare say that it contains more data on which to make a determination than do the periodic reports required of institutions by bona fide accrediting bodies.

Probably with only little modification, the same HEGIS-type report could be made available to the proprietary sector of postsecondary education. Through this method, even though accreditation might be assigned a weighted factor in the eligibility determination, the institutions would be relieved of establishing eligibility solely through the accrediting mechanism. It would, at the same time, relieve the accrediting bodies of institutional pressure and pressure from various professional bodies to attest to qualitative indices which perhaps should only be decided over a longer period of time. It certainly would, we feel, reinstitute among institutions and programs the desired atmosphere of competing for excellence within parameters other than those to which dollars are attached. Hopefully, accrediting agencies, for which assuredly there would be decreased activity under such a plan, could then engage in a more cooperative surveillance of postsecondary education with the Federal Government than now exists. To be sure, such a plan forces institutions to pursue a dual route--toward eligibility for federal funds in one lane and accreditation in the other--but they will have the option of traveling in either lane independent of the other. They do not now have this option.

If what I have proposed would be construed as a threat to some accrediting groups because without the absolute necessity of accreditation for funding many institutions might not seek their services, then so be it. Such a condition would reduce the degree of "mandatism" and reestablish a "voluntarism" on which the concept of accrediting was established. Those institutions voluntarily seeking accreditation would then be doing so at an educationally higher level of desire.

Second, I should suggest that elements in the assessment of institutional or programmatic quality that have to do with areas set forth in the laws of the land (such as affirmative action, racial integration, equality of opportunity, consumer protection, etc.) should be eligibility factors monitored by some agency other than the accrediting agencies. It would be quite appropriate for these responsibilities to be assigned to a qualified state agency, provided the Accreditation and Institutional Eligibility staff of USOE has sufficient evidence of the ability of the state agency to perform these tasks in an effective manner.

In conclusion, let me re-emphasize that the education community does not desire that the United States Office of Education or any division of that office become a ministry of education, such as that operating in France. If such a pattern is developed further, we shall lose the spirit of innovation and experimentation that has characterized American higher education over the years. It is appropriate to expect that the federal government should check on the proper expenditure of funds; however, the government should not place itself in the position of oversight that would permit it to determine what should be taught, by whom it should be taught, or how it should be taught. If the present trends continue in the exercise of controls over the accrediting organizations, such an occurrence is most certainly within the realm of possibility.

FEDERATION OF
REGIONAL
ACCREDITING
COMMISSIONS OF
HIGHER
EDUCATION

TESTIMONY

for

The Senate Subcommittee on Education

Honorable Claiborne Pell, Chairman

presented by
Robert Kirkwood, Executive Director

Federation of Regional Accrediting
Commissions of Higher Education
September 13, 1974

Mr. Chairman and Members of the Subcommittee:

On behalf of the Federation of Regional Accrediting Commissions of Higher Education and its nine regional constituent commissions, may I express our appreciation for the opportunity to participate in this hearing. We are keenly aware of the importance of this Subcommittee's work and trust that our contribution will facilitate your efforts on behalf of postsecondary education in the United States.

Let me begin by distinguishing between the two major types of voluntary nongovernmental accreditation, institutional and specialized, each with particular characteristics. Institutional accreditation normally applies to an entire institution, indicating that each of its parts is contributing to the achievement of an institution's objectives, although not necessarily all on the same level and quality. The Federation of Regional Accrediting Commissions of Higher Education works directly with the nine regional commissions in the field of institutional accreditation, and they in turn work with approximately 2600 individual institutions. Specialized or professional accreditation deals with

Jack K. Williams, President
President, Texas A & M
University, College Station, Texas

Donald L. Roush, Vice Pres
Vice President, New
Mexico State University

Robert Kirkwood, Executive Director
Eugene I. Van Antwerp
Associate Executive Director

One Dupont Circle, Suite 770
Washington, D.C. 20036
202-872 1197

programs or professional schools which are normally parts of larger regionally accredited institutions. The policies and procedures related to the two types of accreditation vary considerably in emphasis and approach in keeping with the distinct nature of the educational institutions or programs they serve. The regional accrediting commissions represented by the Federation work almost exclusively in the non-profit institutional sector, and these remarks are confined to that experience, neither making nor implying comparisons with other types of accreditation.

Historically and currently institutional accreditation at the postsecondary level is intended to:

> foster excellence in postsecondary institutions through the development of criteria and guidelines for assessing educational effectiveness;
>
> encourage institutional improvement through continuous self-study and planning;
>
> assure the educational community, the general public, and other agencies or organizations that an institution has clearly defined and appropriate objectives, maintains conditions under which their achievement can reasonably be expected, appears in fact to be accomplishing them substantially, and can be expected to continue to do so.

In addition it:

> provides counsel and assistance to established and developing institutions; and
>
> endeavors to protect institutions against encroachments which might jeopardize their educational effectiveness or academic freedom.

Notice that eligibility is not listed among the purposes of institutional accreditation as conducted by the regional accrediting commissions.

The accrediting process, like higher education generally, is continuously evolving, having changed significantly from the early days of simple check lists to a steadily increasing emphasis on measuring the outcomes of educational experiences. It begins with a comprehensive effort by an institution to assess its effectiveness in the light of its publicly stated purpose and objectives. This self-study involves a broad cross section of the institution's various constituencies - students, faculty, trustees, administrators, alumni, and sometimes even the local community. The resulting self-study report further serves as introductory and background material to an evaluation team assigned to visit the campus by a regional accrediting commission. A team usually consists of professional educators, faculty members as well as administrators, certain specialists according to the nature of the institution, and sometimes members of state agencies and others representing specific public interests. The visiting team evaluates the institution's own efforts to assess its strengths and weaknesses, and adds judgments based on expertise and the advantage of an outside perspective.

Once an evaluation team completes its report and the institution reviews it for factual accuracy, the report goes to the regional accrediting commission along with the original institutional self-study report and any further response the institution makes to the analysis and judgments of the visiting team. The regional commission then considers the evidence and takes appropriate action, with adequate provisions for review and appeal in accordance with due process.

An institution achieving initial accreditation undergoes mandatory review within five years or less, while longer accredited institutions may go to a maximum of ten years between reviews. However, every institution is required to submit an annual data summary to its regional commission and a report every fifth year describing significant developments or changes. Regional commissions reserve the right to review any institution at any time for cause, and an institution undergoing substantive change, such as moving from the baccalaureate to the master's degree level, will be reviewed not more than two years after the change becomes effective. Thus, there is a continuing relationship between accredited institutions and their regional commissions holding them accountable to their educational peers, to the constituencies they serve, and to the public interest.

There are two remarkable features of the institutional accrediting process as conducted by the regional commissions. One is the fact that only the generous and voluntary participation of literally thousands of professional and lay people each year enable the regional accrediting commissions to carry out their functions. The other is the exceptionally high level of professional responsibility reflected in the individual and collective work which enables the regional commissions continuously to promote and strengthen the quality of postsecondary education in America. It should be remembered, also, that the regional accrediting commissions depend entirely upon their membership for support, with continuous pressure to keep annual dues and accrediting costs to an absolute minimum. As a result, the regional accrediting commissions can hardly be called bureaucracies, operating as they do with professional staffs ranging from one to a maximum of ten people. The Accreditation and Institutional Eligibility Staff of the U. S. Office of Education estimates that merely to set up a comparable federal structure for accreditation would cost over ten million dollars, not to mention the annual operating cost and other expenses.

The advantage to the government is obvious, and for many years the Office of Education and other agencies have readily utilized the work of the regional accrediting commissions for their purposes. During most of the period from 1952 until recently there was a passive but cooperative relationship between the regional accrediting commissions and the various federal agencies utilizing accreditation for their own purposes. It should be stressed that much of the legislation which incorporates accreditation as a basis for determining eligibility for participation in federal programs was written without consulting the regional accrediting commissions. Nevertheless, the regional commissions were able to work cooperatively and effectively with these agencies and particularly with the Office of Education. Throughout the 1960's literally hundreds of developing institutions were rendered eligible for federal assistance through reliance on established regional accrediting procedures. The record is one of the more notable successes of federal involvement in support of higher education. Equally noteworthy was the minimum of government involvement with the accrediting agencies throughout this period.

More recently, however, there has been a discernible change in the relationship between the Office of Education and the accrediting agencies, and it is aptly characterized in this quotation from page 18 of a statement by former Deputy Commissioner of Education Peter P. Muirhead before the Special Studies Subcommittee of the House Committee on Government Operations on July 17, 1974.

> The relevant statutes speak only to the Federal reliance on the outputs (sic) of the accrediting agencies for eligibility purposes, and those outputs are the lists of accredited institutions or programs maintained by every accrediting body. Because of the vast sums of federal money which ultimately flow through reliance upon the accrediting mechanism, however, the Office has deemed it only prudent to establish, and gradually intensify, federal oversight of the operations of those accrediting agencies recognized by the Commissioner. One of the pressing questions right now is just how far this oversight can and should go in order to achieve realistic assurance that both the student's educational rights and the taxpayer's dollars are protected while, at the same time, avoiding unwarranted federal intrusion into the educational process.

Dr. Muirhead has clearly and precisely stated the nub of the problem. The legitimate role of the Congress in protecting the public interest and public monies is beyond dispute. But it is a far different matter when an executive agency undertakes to extend its regulatory functions by administrative actions. If Dr.

Muirhead acknowledged the dangers of federal intrusion into the accrediting process, it should be understandable why those of us more directly engaged are genuinely concerned by recent developments.

There is evidence, for example, that some officials would like to coopt the accrediting agencies as enforcement arms of the federal government, a development which would divert them from their primary function of promoting the improvement of education to one of involuntary and intrusive police action. Among many dangers, surely the greatest threat in cooptation is the possibility of placing the federal government in a position to control the accrediting process, thereby leading directly to control of postsecondary education in the United States. The number and variety of governmental agencies already demanding conformity to certain practices or imposing their will on postsecondary educational institutions is profoundly disturbing. Moreover, the often conflicting and contradictory requirements of separate agencies has brought educational leaders to a state of bewilderment. Exclusive or excessive reliance on accreditation as a basis for determining federal funding eligibility poses similar threats to the integrity and independence of the voluntary institutional accrediting process, and we earnestly urge this Subcommittee to find ways of reducing that reliance.

One of the most constructive proposals for doing so is outlined in the statement submitted to this Subcommittee by Dr. Frank Dickey on behalf of the National Commission on Accrediting. It calls for increased utilization of the Higher Education General Information Survey (HEGIS) and I commend it to your thoughtful attention. If the HEGIS survey in its present form does not adequately serve the needs of the various government agencies, I am confident that there is sufficient expertise available to assist in making it the useful instrument it could be in satisfying the government's need for reliable information.

I would also suggest that this Subcommittee is in a strategic position to influence more of the states to carry out their historical and constitutional functions with respect to the chartering of educational institutions. The Education Commission of the States has developed "Model State Legislation for Approval of Postsecondary Educational Institutions and Authorization to Grant Degrees," and it is our firm conviction that if all the states had comparable legislation or modified their laws to conform with its principles, we would go a long way toward eliminating some of the evils associated with marginal educational activities.

Obviously, we are not suggesting that the states become accrediting agencies, because we see some of the same dangers there as at the federal level and others besides. Nevertheless, if the states conducted their chartering activities effectively, the federal government could rely on state actions with respect to the legal authorization of educational institutions as a basis for determining eligibility. This, along with an improved HEGIS data report, would be another alternative to accreditation as a basis for determining eligibility for federal funding worthy of this Subcommittee's most careful consideration.

The accrediting commissions, then, could devote their efforts more fully toward the improvement of education and toward assuring the public as well as the educational consumer that the quality and integrity of the educational opportunities available are reliable and sound. Indeed, major steps have been taken recently to insure that voluntary nongovernmental accreditation will be greatly strengthened. Early in 1975, the National Commission on Accrediting and the Federation of Regional Accrediting Commissions of Higher Education will be merged into a new Council on Postsecondary Accreditation. The work of the Council will be guided by a Board of 36 members, twenty-five percent of whom will be public representatives appointed by several different groups, including the Education Commission of the States and the U. S. Commissioner of Education. There will also be broad representation from the educational community, including public and private, non-profit and proprietary, institutional and specialized and professional constituencies.

The preamble to the bylaws of the new Council states:

> Postsecondary education in the United States derives its strength and excellence from the unique and diverse character of its many individual institutions. Such qualities are best sustained and extended by the freedom of these institutions to determine their own objectives and to experiment in the ways and means of education within the framework of their respective authority and responsibilities.
>
> Public as well as educational needs must be served simultaneously in determining and fostering standards of quality and integrity in the institutions and such specialized programs as they offer. Accreditation, conducted through nongovernmental institutional and specialized agencies, provides a major means for meeting these needs.
>
> The Council on Postsecondary Accreditation is a nongovernmental organization intended to foster and facilitate the role of these accrediting agencies in promoting and ensuring the quality and diversity of American postsecondary education. The accrediting agencies, while established and supported by their membership, are intended to serve the broader interests of society as well. To achieve these ends, the Council recognizes, coordinates, and periodically reviews the work of existing or proposed accrediting activities, and performs other related functions in accord with its bylaws.

Among the purposes of the Council shall be to:

> Promote the improvement of postsecondary education, principally through the process of accreditation and such other means as it shall devise;
>
> Review continuously the accrediting practices of all its members to insure the integrity and consistency of their policies and procedures and to safeguard the freedom and quality of postsecondary educational institutions and programs;

> Promote the interests of the educational consumer, including provisions for direct public representation in the conduct of the affairs of the Council;
>
> Insure that each member accrediting agency of the Council shall provide clearly defined procedures for handling appeals through due process;

and a number of other purposes all directed toward strengthening postsecondary education in the United States.

It is fashionable in some quarters these days to deprecate the importance of postsecondary education and to derogate the value of its contributions to American society. We deplore any such tendency. Time and again the educational community has responded vigorously and imaginatively to the nation's continuously changing needs, and we are confident of its ability to go on doing so. Formation of the new Council on Postsecondary Accreditation is a current manifestation of that ability. But vigor and imagination are stultified by unnecessary and unwarranted regulation. To lose entirely or even partially the creative and constructive potential of the voluntary accrediting process as it relates to postsecondary institutions would be a profound loss for American education and the nation.

We respectfully submit, therefore, that the efforts of this Subcommittee to reexamine the relationship between accreditation and eligibility for federal funding are both timely and welcome. The regional accrediting commissions are fully prepared to meet their social and educational responsibilities. We can do so best, however, in cooperative partnership with government and not under the constraints of administrative regulation unauthorized by the Congress.

Thank you for your attention, and for this opportunity to testify.

NATIONAL COMMISSION ON ACCREDITING
ONE DUPONT CIRCLE, N.W., SUITE 760, WASHINGTON, D.C. 20036
TELEPHONE (202) 296-4196

FRANK G. DICKEY, *Executive Director*
JAMES M. PHILLIPS, *Associate Director*

September 23, 1974

The Honorable
Claiborne Pell
Chairman, Subcommittee on Education
Committee on Labor and Public Welfare
United States Senate
Room 325
Dirksen Senate Office Building
Washington, D. C. 20510

Dear Senator Pell:

It occurred to me that this recent informational bulletin published by the American Council on Education might be appropriate for inserting into the hearing record of the Subcommittee on Education. It does contain some "specific" data which you indicated is hard to find. The five policy issues raised based on these data are, I think, basic to any legislation which might be proposed by your subcommittee.

No acknowledgment of this letter is necessary.

Sincerely yours,

James M. Phillips

James M. Phillips
Associate Director

Policy Briefs
Vol. 1, No. 2, 1974
A Bulletin of the Policy Analysis Service
of the American Council on Education 1/

WHO ARE THE USERS OF FEDERALLY INSURED/COLLEGE LOAN PROGRAMS?

The 1973 freshman survey conducted by UCLA under the auspices of ACE sheds light on the types of first-time, full-time freshmen who expected to borrow money from federally insured/college loan programs to finance the first year of their undergraduate education. Using preliminary data, we examined the following questions:

1. What proportion of freshmen in different categories of parental income and of types of institutions expected to take federally insured/college loans?

2. What is the average size of the loan these students expected to take?

Table 1 shows the proportion of expected loan-users, by 1972 gross parental income. It also shows the percentage distribution by type of institution of matriculation. Table 2 indicates the proportion of students at various income levels who expected to finance part of their freshman year through a federally insured/college loan and the average amounts each proportion expected to borrow, by institution of matriculation.

Major Trends

The higher the parental income, the less likely the student was to expect to borrow to finance his or her first year of college. For instance, in public universities, 26.8 percent of the students whose parents had incomes of below $3,000 expected to take out federally insured/college loans as compared with 2.8 percent of students whose parents' incomes were over $25,000. But high-income students were likely to take larger loans than low-income students.

Students in private institutions were more likely to expect to borrow than were students in public institutions. For instance, 15.7 percent of all students in public four-year colleges, but 26.8 percent of those in private four-year colleges, expected to borrow. Only 11.8 percent of students in public, but 26.2 percent of those in private, universities expected to borrow. Moreover, students in private institutions anticipated taking slightly larger loans on the average, than did students in public institutions.

Students attending two-year colleges were less likely to expect to borrow from federally insured/college loan programs than were students attending universities or four-year colleges.

About three in ten first-time, full-time freshmen planned to take loans.

Institutional Distribution

Public institutions, which enroll over three-fourths of all freshmen, accounted for only three-fifths (58.7 percent) of all loan-takers: That is, loan-takers were overrepresented in the private sector and underrepresented in the public sector.

Parental Income

Comparison of the income distribution of loan-takers with that of the total freshman class reveals that low-income students were overrepresented while high-income students were underrepresented among expected loan-takers (Table 1). For example, about 3.5 percent of freshmen reported parental incomes of less than $3,000; among loan-takers, the proportion of students with such parental incomes was 5.7 percent. In contrast, although one-fourth of all freshmen came from highly affluent homes, with parental incomes exceeding $25,000, these students constituted only 5.2 percent of loan-takers. The largest class of loan-takers (35 percent) is represented by the $10,000-$14,999 income group, which comprised 25 percent of all 1973 entering freshmen.

Amount of Average Loan by Parental Income

Low-income students expected to borrow substantial amounts to finance their first year, and low-income students in private institutions expected to borrow slightly larger sums than those in public institutions (Table 2). For example, students with gross family incomes of less than $6,000 who were planning to finance part of their first-year expenses at a private four-year college by a federally insured/college loan expected to borrow an average amount of $913-$936, whereas those with gross family incomes of less than $6,000 attending a public four-year college expected to borrow an average of $642-$733 to finance their first year.

Policy Issues

In light of the trends mentioned, these questions can be raised:

1. In the absence of adequate state and federal grants, is there excessive dependence on loans by low-income students?
2. Did Congress intend that these low-income students depend to this extent on loans of this size?
3. Can society realistically expect students from such low-income backgrounds to have sufficient earning power resulting from their education to repay debts as large as these per year of college without undue hardship?
4. Will future cohorts of young people continue to enroll in institutions of higher education if assuming and repaying debts such as these are necessary to finance such education?
5. Is the federal government's emphasis on loans to low-income students as a supplement to grants an equitable solution when the students must borrow substantial amounts to finance even undergraduate education?

(Engin I. Holmstrom and Patricia Smith)

Table 1

Distribution of Expected Loan-Takers (Federally Insured/College Loans)
by Type of Institution and Parental Income
1973 First-Time Full-Time Freshmen

Preliminary Data Based on 1973 Norms[a]

Parental Income	Public University	Public Four-Year	Public Two-Year	Private University	Private Four-Year	Private Two-Year	Total	Income Distribution of Total Freshman Class
Less than $3,000	.5%	1.3%	1.9%	.2%	1.4%	.4%	5.7%	3.5%
$3,000-$5,999	1.3	2.7	3.6	.6	3.3	.7	12.2	6.7
$6,000-$9,999	3.3	4.9	3.7	1.4	6.5	1.1	20.9	13.2
$10,000-$14,999	5.5	7.3	7.9	2.7	10.3	1.3	35.0	25.4
$15,000-$24,999	3.1	4.9	4.0	2.4	5.9	.7	21.0	26.3
$25,000 and over	.7	1.2	.9	.7	1.5	.2	5.2	25.0
Total	14.4%	22.3%	22.0%	8.0%	28.9%	4.4%	100.0%[b]	100.0%
		58.7%			41.3%			

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[a] These data were derived from the 1973 survey sample of 139,733 actual students in 360 institutions, weighted to generate national summary data representative of all first-time, full-time freshmen entering institutions of higher education in the fall of 1973.

[b] 100% of the 1973 first-time, full-time freshmen expecting to borrow is an estimated 238,390 students, based on the survey sample weighted nationally.

To read: 5.2% (or 12,455 students) of those first-time, full-time freshmen expecting to borrow had parental incomes over $25,000; however, 25% of the total group of first-time, full-time freshmen had parental incomes over $25,000.

Table 2

Percent 1973 First-Time, Full-Time Freshmen Expecting to Borrow From Federally Sponsored/
College Loan Program and Expected Average Loan by 1972 Family Income and Control and Type of Institution
Preliminary Data Based on 1973 Norms[a]

1972 Parental Income	Public University	Public Four-Year	Public Two-Year	Private University	Private Four-Year	Private Two-Year
Percent Borrowing [b]						
Less than $3,000	26.8 %	29.1 %	12.3 %	43.2 %	35.3 %	31.6 %
$3,000-$5,999	29.6	27.9	13.0	50.9	43.4	33.7
$6,000-$9,999	26.2	24.0	7.1	51.7	44.1	32.3
$10,000-$14,999	17.1	17.7	9.2	43.4	36.6	21.2
$15,000-$24,999	8.1	11.7	6.4	27.3	21.1	15.3
$25,000 and over	2.8	6.3	3.7	6.5	5.9	5.3
Total percent borrowing	11.8	15.7	8.2	26.2	26.8	20.9
Average Expected Loan						
Less than $3,000	$ 736	$ 642	$ 552	$ 859	$ 936	$ 791
$3,000-$5,999	711	733	632	917	913	787
$6,000-$9,999	750	783	428	962	987	892
$10,000-$14,999	782	969	827	1,005	1,095	1,130
$15,000-$24,999	923	1,251	974	1,199	1,173	1,195
$25,000 and over	1,081	1,574	830	1,429	1,417	909

[a] These data were derived from the 1973 survey sample of 189,733 actual students in 360 institutions, weighted to generate national summary data representative of all first-time, full-time freshmen entering institutions of higher education in the fall of 1973.

[b] N borrowing / total N in income category.

To read: 26.8 percent of all students in public universities with family incomes below $3,000 expected to borrow an average amount of $736.

NOVA UNIVERSITY COLLEGE AVENUE FORT LAUDERDALE FLORIDA 33314 • 305 587 6660

ABRAHAM S. FISCHLER
PRESIDENT

October 29, 1974

Senator Clairborne Pell
United States Senate
Senate Office Building, Room 325
Washington, D.C. 20510

Dear Senator Pell:

This letter serves two purposes. First, I would like to clarify, for the record, some of the questions and statements regarding Nova University which were made during testimony before your Subcommittee on Education on September 12 and 13, 1974. Secondly, I respectfully request the opportunity to testify before the Subcommittee should it hold further hearings.

Allow me to provide a brief description of Nova University before discussing the specific questions and statements made before your Subcommittee. Nova University was chartered in 1964 as a non-profit graduate institution serving as the "capstone" of a total educational park which includes several educational institutions. They are two public elementary schools, a middle school, high school, and Broward Community College. The University was accredited as a special purpose institution by the Southern Association of Colleges and Schools in 1971 following careful scrutiny by a SACS Visiting Committee in April of that year. Today, after ten years, the University enrolls approximately 2,400 students, has a full-time faculty and staff of about 275, and an annual budget of $10 million dollars.

As a unique graduate institution, Nova University is committed to quality programs and services that are clearly mission-oriented and concerned with solving the basic problems of man in our society. Many of Nova's programs are innovative in their approach and cut across single academic disciplines. The University is composed of five Centers: (a) the Behavioral Sciences Center for the study of man, his systems of education and self-fulfillment; (b) the Life Sciences Center where significant research is conducted in the continuing quest to conquer cancer; (c) the Oceanographic Center for the study of the ocean, our greatest natural resource; (d) the Center for the Study of Law to examine the problem solving functions performed by the law in personal, business, and government areas; and (e) the Center for Professional Development which offers three non-traditional graduate programs in education and public administration in a cluster format for working educators and professionals in various parts of the country.

Because of the Senator's particular interest in Oceanography, I might mention that the Nova Oceanographic Center has chosen to concentrate its research efforts in physical oceanography, including open ocean and coastal circulation and the energetics of the upper ocean, waves and tides. Under the direction of Professor William S. Richardson, the Center is supported by a wide variety of grants and contracts, as well as in larger measure by the University, and is well known for its distinctive research techniques and significant results. The Center currently has fourteen full-time faculty and four Ph.D. students in physical oceanography.

To further describe the University, I am enclosing the current Bulletin of the Graduate Program for 1974-75 and the new President's Report covering the developments at the University over the past four years. The eminent National Advisory Board, which has guided the University since its inception, is listed on pages 121 and 122 of the enclosed Bulletin and on the back page of the President's Report. Because of your interest, I am also enclosing a separate booklet describing Oceanography at Nova University and the very complete and detailed Bulletin of the National Ed.D. Program for Educational Leaders, one of Nova's three external degree programs. I hope that you and your staff will read through the publications since we are proud of Nova's programs and research efforts; and our publications try to be as open, complete and descriptive as possible of these often complex activities.

Many people, perhaps yourself included, tend to equate Nova University only with the National Ed.D. Program for Educational Leaders and, to a lesser degree, its sister external Ed.D. Program for Community College Faculty and the Graduate Program in Public Administration. Because these programs are, first of all, non-traditional in approach, and secondly, national in scope, they also have been the subject of much criticism, not all of which was well informed.

These programs have been thoroughly reviewed by the Southern Association of Colleges and Schools (SACS), and the University is about to undergo the normal periodic reaffirmation of its accreditation by SACS whose Visiting Committee next month will include representatives of all other regional accreditation associations, because of Nova's three national programs. There will also be representatives from the State of Florida and even observers from HEW. To demonstrate the thoroughness of this reaffirmation process by SACS, I am forwarding under separate cover a copy of Self-Study prepared for the upcoming Visiting Committee and the Commission on Colleges of SACA. The Self-Study expresses in detail and great candor the successes, and the problems, of the University.

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Nova's external degree programs have also been examined by numerous state agencies; among them, California, Colorado, Illinois, Oregon and Pennsylvania, and we are presently being reviewed by state agencies in Connecticut, New Jersey and New York. We have cooperated fully with each and every agency, and many have offered high praise for the programs and helpful suggestions for improvements, some of which have already been incorporated into the external programs.

Now to the specific questions and statements about Nova during your Subcommittee's hearing. In your questioning of Dr. John Proffitt of the United States Office of Education, at the Subcommittee's hearing on September 12th, you referred to the article critical of Nova's Ed.D. Program for Educational Leaders which appearedin the Phi Delta Kappan magazine this past year.

The Ed.D. Program for Educational Leaders is most definitely not "a rip off on the various superintendents of schools taking this program." The program, under the directorship of Dr. Donald Mitchell, former Director of the Washington Internships in Education Program, is a complete regimen of three years; and while it does allow the participants (our word for graduate students in these programsfor professionals) to engage in this program while fully employed, few if any of the participants would say that they can "continue to live their normal lives." Some might say there is even "pain" in the program if learning is not possible without pain. This clinical experience, which forms an integral part of Nova's three external programs, is being increasingly recognized as most helpful in the education of professional educators as well as in the law and medicine. The program is rigorous, specific in purpose, and incorporates the professional "day-time" work of the participants directly into the program. The purposes of the program are clearly stated on page 2 of the program's Bulletin; but essentially the purpose is to make significant and demonstrable improvement in the caliber of existing leadership in the elementary and secondary schools of the United States.

We are most grateful that Mr. Proffitt krows Nova and recognized that Nova "falls into a different category" than the fraudulent degrees mentioned earlier in his testimony. We are painfully aware that Nova still suffers by being in Florida, once a haven for sun-loving degree mills. (The State of Florida took effective action to protect the consumer and to drive such diploma mills out of business with the creation of the State Board of Independent Colleges and Universities in 1971.)

In your questioning of Mr. Proffitt and Mr. Harold Orlans of the National Academy of Public Administration on September 12th, you expressed justifiable concern about quality of education and "decline of standards." The same question was raised more directly the next day, September 13th, of Messrs. Frank Dickey and Robert

Kirkwood. Again, we are gratified that such well known and informed educators as Frank Dickey and Robert Kirkwood know Nova University and recognized that Nova "has been looked at as carefully and as consistently over a longer period of time than many more traditional institutions."

We believe your justifiable concerns for quality and decline of standards must be squarely joined. While Stanford may drop its foreign language requirement for the Ph.D. entirely, Arizona State continues to require two foreign languages for the Ph.D. At issue here are not only standards for the degree but standards that are appropriate for the degree program involved.

Nova University does not offer any Ph.D. program in external format or through the national cluster concept. Nova has Ph.D. programs, all on campus, only in the Behavioral Sciences, Microbiology, Environmental Chemistry, and Physical Oceanography.

There is an important, even critical, distinction, we believe between the kinds of training required for the research-oriented Ph.D. degree and other professional doctorates, such as the Juris Doctor, Doctor of Public Administration, Doctor of Education or even Doctor of Medicine Degrees. As do traditional graduate schools of education, Nova makes an important distinction between the doctoral training appropriate for the practitioner, who usually earns the Ed.D. degree, and the prospective researcher, who usually undertakes the Ph.D. program. The rigorous nature of Nova's National Ed.D. Program for Educational Leaders is congruent with the avowed purposes which are appropriate for professional practitioneers already in positions of leadership in the schools and already committed to careers in public education. Therefore, you do a disservice to both Nova's Ed.D. Program and to Yale Ph.D.'s to ask if one "measures up" to the other, as implied in the questioning of Mr. Dickey on September 13th. They are different degrees with different purposes. Nova's Ed.D. Program provides a viable alternative route for professionals already employed to obtain professional training and education appropriate for a professional doctorate but not for the research-oriented Ph.D. degree.

The Nova Ed.D. is not earned "without pain" or effort. The attrition rate from the program thus far indicates that many men and women, for a variety of reasons, cannot cope with the various demands of the program. If "pain" is defined as having to complete a series of unrelated courses to amass units or credits and/or to satisfy foreign language requirements while a full-time student "in residence" for one or two years, then Nova's National Ed.D. Program and the Doctorate in Public Administration are "without pain."

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All three of Nova's national programs have attracted an exemplary national faculty, a stronger faculty, we believe, than any single institution or graduate school of education can provide. All of these men and women give generously of their time and energy; and they are impressed by the genuine enthusiasm of the participants in these programs.

We, like yourself, are all too aware that meretriciousness in education may, and does, appear under the new banners "innovative", "non-traditional", or "external degree." One writer has observed that "one person's innovation is another's fraud. One man's reform is another man's rip-off." But Nova is neither fraud nor rip-off, and the continuous scrutiny by public agencies and the accrediting associations attests to that fact. We have also learned that it is easier to advocate reform and non-traditional approaches to higher education than it is to do it.

Some educators believe that recurrent professional education is a wave of the future and that the external format, or taking education to individuals "at a distance", is an integral part of that wave. Indeed, both are increasingly world-wide trends. Already we see examples of public institutions beginning to "out-Nova Nova", and other private institutions offering various external degree program. As stated in our Self-Study for the Southern Association, our staff believes that "state universities will begin, tentatively, to offer variations, intentionally or unintentionally, of the Nova Ed.D. Program and because of their relative proximity and local credibility, these programs will attract most administrators within the respective states." By 1979 or 1980 the Nova program may not be able to continue. "In part, the program will have served its purpose; in part, it will have been overrun by its success."

I welcome this chance to help "set the record straight" as far as Nova University is concerned, and I look forward to the opportunity to testifying in person before your Subcommittee.

Respectfully yours,

Abraham S. Fischler

ASF:sh
Enclosures
cc: Stephen J. Wexler, Special Council
Labor and Public Affairs Committee

Donald P. Mitchell

LET'S SET THE RECORD STRAIGHT: A CASE FOR NOVA UNIVERSITY'S EXTERNAL DOCTORATE IN EDUCATION

The director of Nova University's national Ed.D. program for educational leaders flays Richard Morland and the *Kappan* for publishing material which questioned Nova's external degrees.

The pros and cons of the external doctorate in education are surely an appropriate topic for discussion in the pages of the *Kappan*. For the external degree is obviously one of the most exciting and innovative ideas to burst forth on the educational world in recent years.

It is also appropriate that this discussion should make Nova University its primary focus, because Nova University is clearly the national leader in the development of this groundbreaking idea and offers the most highly developed and sophisticated external Ed.D. program.

Nor can it be doubted that there are cons as well as pros in any discussion of the external degree and Nova's development of it. Neither the idea nor Nova's application of it arose like Athene fully developed from the head of Zeus. On the contrary, the development has been slow and sometimes painful. Much remains to be done. And no one is more aware of this than we are at Nova University.

But we do not believe that any discussion of Nova University or its external degree program is advanced by an article like Richard B. Morland's in the November *Kappan*, which discusses our program in the context of a diploma mill, which questions the motives of the school and its students, which implies an improper relationship between Nova and its accrediting agency, and which by sly inference and unfounded statements presented as facts suggests that the whole thing is a deceit and a hoax which needs to be unmasked.

Substantively, Morland makes a broad-gauged attack on Nova's program, which, when filtered from the innuendo, consists principally of three contentions: that Nova's standards of admission are too low, that it has no measure of student achievement, and that students in the program in fact learn very little. We shall examine each of these charges.

On admissions standards, Morland writes that "there is no barrier to your joining the club if you hold the master's degree. This, plus some experience as a teacher, is about all that is required." In fact, admission to Nova's program for educational administrators[1] requires, in addition to a master's degree from an accredited institution, that the applicant hold an administrative license or other credentials to serve in an educational administrative position (thus elementary and secondary school teachers are not eligible for any Nova external doctorate, regardless of their experience), that the applicant be currently employed in a position of educational leadership, that he submit a satisfactory resumé of a recent task involvement, that he submit a personal statement regarding his career plans and expectations, and that he submit three personal recommendations.

The key requirement, in addition to the master's degree, is that the applicant must have demonstrated sufficient competence to have attained a position of educational leadership. This, we believe is sufficient in most cases to give an applicant the opportunity to work on an advanced degree. To say as Morland does, that "many of these people cannot meet admissions standards at established universities" is simply a gratuitous slur on our participants for which neither Morland nor the *Kappan* has any substantiation whatever. On the contrary, anyone who is familiar with admissions procedures in traditional schools knows that in literally dozens of institutions it would be the rare case in which an educational leader with a master's degree would be denied admission to a doctoral program. Indeed, unlike many such traditional institutions, Nova [illegible] finds it necessary to place more emphasis [illegible] personal recommendations and applicants' [illegible] statements because in most clusters there are more qualified applicants than places in the cluster. Another policy which tends to eliminate applicants

DONALD P. MITCHELL is director of the National Ed.D. Program for Educational Leaders, Nova University. He was formerly director of Washington Internships in Education (Institute for Educational Leadership, Washington, D.C.). He is senior author of Leadership in Public Education Study: A Look at the Overlooked (Academy of Educational Development, 1972) and holds the Ed.D. from Harvard University.

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who may not be serious about the program is that Nova does not accept any transfer credits.

"The payoff is in what one knows," Morland says, "and in the ability to demonstrate competence. Nowhere is this demonstration apparent in the programs . . . described in this article." In short, Morland tells us, "There is no check on . . . competence." In his castigation of Nova's failure to measure participant achievement, he comes down especially hard on the lack of any examination. "Programs of the Nova . . . type are noticeably lacking in examinations of any sort." And again, "Examination and tests seem to be dirty words for these innovative institutions."

In the Nova program for educational leaders, participants must demonstrate competence in eight substantive areas. The most common method of demonstrating this competence is through the use of examinations. Moreover, failures in these examinations are not infrequent. Other methods of demonstrating competence are also used, such as papers and projects. In each substantive area, a senior lecturer of national prominence must be satisfied that the participant has attained the necessary competence. These senior lecturers include people like Morris Cogan[2] on supervision, James Guthrie[3] on educational finance, Graham Sullivan[4] on school management, Michael Scriven[5] on teacher evaluation, and Louis Rubin[6] on curriculum and instruction. When persons of this caliber assert to the university that particular students have attained the necessary competence in particular substantive areas, Nova accepts this judgment just as any other institution accepts the judgment of its own senior instructors.

That Nova imposes high standards of achievement for its doctoral candidates is also reflected in the number of participants who do not complete the program. Obviously, some participants drop out for other reasons, but a significant number leave because they find the work too rigorous. When the number of incompletes on a participant's record mounts, it is seldom necessary for Nova to advise him formally that he appears not to be making the grade; for the most part, he leaves of his own accord.

Morland likens the labor of the traditional doctoral candidate to that of Sisyphus. "New thinking," like Nova's, he tells us, "has not only removed the rock, it has leveled the hill as well." Thus does Morland charge us with having eliminated all the labor involved in obtaining a doctorate. This will surely come as a surprise not only to those who have withdrawn because of the rigor of the work, but also to those participants who are still struggling to accomplish their goal. True, theirs is not the work of Sisyphus – rolling the same stone up a hill endlessly – but it is rigorous, demanding, and directed to increasing individual levels of personal competence.

Because Morland relies primarily on slurs and aspersions, it may come as no surprise that he nowhere states directly that Nova students learn little. He tells us of "an erosion of academic standards," of the "serpent of academic shoddiness," of "schools without scholarship." Yet, peculiarly enough, only through these veiled innuendos does Morland suggest that Nova's students are not getting much from its programs. Search as one may, nowhere in Morland's article does he discuss directly whether Nova's students are getting a meaningful and worthwhile educational experience. This is particularly strange, since Morland tells us that his "concern is primarily with the product, not with the process."

> ". . . nowhere in Morland's article does he discuss directly whether Nova's students are getting a meaningful and worthwhile educational experience. This is particularly strange, since Morland tells us that his 'concern is primarily with the product, not with the process.' "

The reason for this obvious omission from Morland's article is not hard to find. Morland made almost no effort to learn whether or not Nova was providing its students with a meaningful educational experience. Shortly after his article appeared, we spoke with Morland and confirmed, as we had expected, that since the external doctorate program has been established at Nova, he has never taken the time to visit the Nova campus, although it is a mere 250 miles from his own campus. Even worse, Morland never sought to learn how Nova's program operated by talking either to the president of the university or to the directors of its programs or to any other responsible officer of the university, all of whom were readily available. By coincidence, we learned that one of the students in the Tampa, Florida, cluster[7] had invited Morland to attend a cluster session at a time which would suit Morland's convenience (actually, the students wanted to discuss curriculum development with Morland), but Morland declined the invitation.

Where then did Morland learn about the Nova program in order to be able to evaluate it so critically? *From Nova's own catalogues and promotional materials.* According to the *Kappan*, Morland supplied the *Kappan* with so-called documentation for every significant fact in his article, yet not a single interview or conversation is relied upon by Morland in this documentation. He cites only catalogues, brochures, and similar materials. Thus, Morland knows no more about how Nova's programs operate – how successful or unsuccessful they are – than he was able to glean from reading these catalogues and promotional materials. For Morland this was enough. Even now, he admits he knows nothing about the "mechanics" – his word – of the program. "There's no doubt," Morland told us, "that insofar as the mechanics inside the clusters are concerned, what they do when the national lecturers appear for that morning's seminar is something I know very little about." When asked if that wasn't crucial, Morland replied: "No, it isn't crucial at all. . . . If I want to get a doctor's degree in education from the University of Washington, I don't have to go to Seattle to find out about it. It's clearly spelled out in its catalogue. It would tell me what I need."

Instead of making a serious effort to learn about and evaluate what was actually happening in our program, Morland sought to imply that our program really didn't teach by suggesting we should never have been accredited. Morland writes of a "love affair between Nova and SACS [the Southern Association of Colleges and Schools which accredited Nova University in 1971]." This love affair, according to Morland, "resulted in its accreditation-in-advance," since at the time of its accreditation Nova had not yet embarked on its external degree program. What this accreditation demonstrates, says Morland, "is that the wheels of bureaucracy can be greased [*sic*] to get things done if there is the will and power to sustain it."

> **"To draw an analogy from the field of medicine, our task is to train office doctors, not research doctors. We want to train first-rate practitioners of the art, not research specialists. Perhaps ours is a more modest goal, but it is no less difficult and surely as worthwhile."**

We shall not dwell on some of the uglier implications of this statement – our attorneys tell us that this statement constitutes libel against Nova University as well as SACS and its officials – but we do believe it important to set the record straight. Nova University achieved Correspondent status with the Southern Association of Colleges and Schools in 1965. Nova was accepted as a Recognized Candidate for Accreditation in 1968. Far from having a love affair with SACS, Nova had to wait until 1971 until it finally achieved accreditation. As is the case with all institutions, accreditation was given to the institution, not to a particular program. There is thus no accreditation of any program. However, consistent with what we deemed to be our obligation of complete candor with our accrediting agency – with whom we filed regular reports during the period of our candidacy – we advised SACS of our intention to initiate the external degree program and provided a description of its nature. Accordingly, at the time of our accreditation it was known that we intended to add this program to our other existing programs. Quite properly, this program continues to be the subject of scrutiny by SACS since our accreditation.

There are other errors in Morland's presentation (such as his grossly exaggerated figures as to the number of doctorates we will produce and his statement that we avoid local accountability in states where our clusters operate), but we would like to save some space for a positive statement of what our program is and what we are trying to do.

The initial impetus came from a desire to improve educational administration. Over 135,000 educational administrators are now responsible for the nation's schools. Many of them were born and raised where they work. They have never had an exposure to a truly national program. And they earnestly desire to improve their level of competence. It was this group toward which our initial program was directed. That is why our program for educational leaders is confined to those who already hold positions of responsibility and leadership. These educational leaders are already performing a vital role in our society. We conceive our role to be to materially improve their competence.

Hence it is not our aim to produce research scholars. That should be the goal, in our view, of the Ph.D. program in education. To draw an analogy from the field of medicine, our task is to train office doctors, not research doctors. We want to train first-rate practitioners of the art, not research specialists. Perhaps ours is a more modest goal, but it is no less difficult and surely as worthwhile.

Accordingly, our program is designed to achieve this specific goal. Structurally, the program consists of work in four areas: the cluster, the study areas, the practicums, and the summer institutes.

The cluster consists of approximately 25 participants who meet regularly over a three-year period. The cluster is the setting for exploring the substantive study areas, for undertaking practicums, and for participants themselves developing special educational activities within the cluster. Each cluster is responsible for allocating an annual budget of $2,500 to provide additional study resources and to involve local educational leaders in the cluster's instructional program.

Each participant is also required during this time to achieve competence in eight specific substantive areas: 1) curriculum, 2) education policy systems, 3) evaluation, 4) finance, 5) school management, 6) resources for improving education, 7) supervision, and 8) technology and systems management. The study of each substantive area is under the direction of nationally known lecturers of the highest reputation who fly in to meet with the cluster students at all-day sessions. It is these national lecturers who must be satisfied that each student has successfully attained the level of competence required to complete the requirements of the particular substantive area for which the lecturer is responsible. The student is also supplied with an elaborate study guide for each substantive area. For example, the study guide in educational financing includes, in addition to 124 pages of printed materials written especially for the program, 10 cassette tapes by national authorities on educational finance: George McMullen[8] speaks on school district budgeting, Michael Kirst[9] speaks on the federal role in education, Charles Benson[10] speaks on state aid to education, John Coons[11] speaks on family power equalizing. Separate bibliographies in each of the substantive areas encourage additional outside study.

The third element in the program is the practicum. A practicum is a design for a project which, in specific, practical ways, can improve the educational system. The practicum may also involve the carrying out of the project. It is designed to teach by doing, to bring to bear all the student's skills which must converge in the actual conception and carrying out of a project for educational improvement. For example, one recent practicum focused on the need of high school students to express their views directly to the school board. The practicum identified and conceptualized the need, designed a program for carrying it out, and in fact implemented the program so that in the end a student advisory board was organized by the students, was recognized by the school board, and both met to discuss matters ranging from safety in school parking areas to student participation in teachers' inservice training programs. Each member of the cluster had an opportunity to comment on and follow the progress of this particular practicum of one member of the cluster, just as each cluster member would in turn profit from his fellow students' input concerning his or her own practicum. In another instance, a participant identified the problem of medically atypical female students in physical education programs. The problem was conceptualized and a design for an adapted physical education program for such students was created. This project design was subsequently implemented and has now provided a model for other schools.

Each student must complete a series of practicums, including two so-called maxi practicums, to qualify for the degree. (Incidentally, neither of the two practicums I have described was a maxi.) Two detailed manuals for performing practicums and writing practicum reports are provided to the student. Performance of practicums is supervised by members of the Nova staff who work individually with the student first to accomplish a satisfactory proposal and then to carry the proposal out and to write a report on it.

The final element in the program consists of two summer institutes which last for eight days each (not four and a half days, as stated by Morland). At these institutes students attend as many as 16 small- and large-group meetings a day. They meet in national clusters with their fellow students from all over the country, who are, after all, educational leaders in their own right. They hear and interact with people like Harvard Professor Thomas Pettigrew, Congressman Albert Quie, ACE Vice President Stephen Bailey, Congresswoman Shirley Chisholm, and a host of others on topics as timely and varied as the problems confronting the educational administrator. Many resource people are brought to the institutes, not to talk but simply to be available to students individually for discussion of particular problems. (Indeed, although Morland did not say so in his article, he did tell us afterward that "I know that Nova's national institute, in just looking over the program and who they have coming down there, must be a tremendous experience.")

That Morland could write an article on our program that is so replete with errors and unfair implications is, however, not nearly so disturbing to us as the fact that the *Kappan* would not simply publish the article but would take the unusual step of editorially placing its imprimatur on it. In the November editorial which accompanies Morland's article, the *Kappan* adopts the same disparaging tone as the article and concludes with a statement that "we have documentation for every significant fact Morland offers." Together, the article and the editorial can be described as a deliberately fashioned poison arrow. Instead of fostering a rational discussion of real issues, the overall treatment smacks more of invective than reason.

In a telephone conversation shortly after the *Kappan*/Morland attack, Stanley Elam, editor of the *Kappan* and author of the *Kappan* editorial, stated that Nova was an "obviously reputable institution with a well-developed program." Yet one would hardly get that impression from the *mise en scène* of the *Kappan*'s treatment of us and our program.

The November editorial introducing the Morland article begins with a discussion of "charlatanism" in education and refers to Timothy Leary, Parsons College, and "Flunk Out U." "The tide of charlatanism is rising," it says. Then comes a discussion of diploma mills. Obviously aware of the implications which come from juxtaposing this discussion with mention of Morland's article, the *Kappan* editor hastily introduces his discussion of the Morland article with the statement, "Morland is not talking about diploma mills." But clearly the implication is still there. And, as if to emphasize that the implication *is* there, and is *intended* to be there, the *Kappan* editor quickly adds, "At least he [Morland] doesn't apply the term [diploma mill] to any of the three institutions [including Nova] whose programs of study for the external doctorate he describes." What the editor is obviously implying is that these institutions *are* diploma mills, but Morland doesn't actually apply that term to them. "No," the editorial continues, Nova never "sells advanced degrees in the sense that Colorado State Christian College at Evergreen or the London Institute for Applied Research do." It doesn't take a very intelligent reader to grasp the editor's intent. He is plainly suggesting that Nova does everything but sell advanced degrees like the named institutions.[12]

The *Kappan* then asks the rhetorical question as to whether the external degree is "being *contaminated* by *questionable practices* under *cover* of the 'innovation' banner" [emphasis added]. These are charged words, words which, in earlier pioneer days, used to be called "fighting words". "Contaminate," "questionable practices," the use of a "cover," which presumably needs to be stripped away. These are not the words of a scholarly debate about a legitimate and honest effort to innovate. This is street language, and the editor obviously wants his rhetorical question answered with a resounding yes.

"These are not the words of a scholarly debate about a legitimate and honest effort to innovate. This is street language, and the editor obviously wants his rhetorical question ['Is the external degree being contaminated by questionable practices. . . ?'] answered with a resounding yes."

Morland's article is written in the same vein as the editorial which introduces it. It too uses words like "contaminate," "questionable practices," and "schools-without-scholarship." It discusses the Nova program together with the program of two other schools which are unaccredited. Thus, although Nova *is* accredited, it *nevertheless* is inevitably tarred with the same brush as unaccredited institutions. And the disclaimers in which Morland admits that Nova is accredited and is therefore really not in the same *category* as the other institutions only demonstrate that Morland was as aware as the *Kappan* editor of the unfair implications which arise from this kind of juxtaposition. One of the three institutions Morland discusses is, according to the author:

> . . . in limbo pending settlement of problems with the Florida Board of Independent Colleges and Universities over its license. This has not deterred the administration from carrying forward plans for expansion. President Palermo has moved to California to start a branch near Santa Barbara, and a new president has been brought in to direct the operation in Sarasota.

This is the setting for Morland's discussion of Nova. Obviously, Morland considers the Nova program and the program of this institution in limbo to be sufficiently similar to be discussed together.

The tone of Morland's article is exemplified by statements like the following:

> Even though there are no proficiency tests to measure your aptitude or skills in composition, you better know how to sign your name to a check. Nova charges $1,500 (in advance, please) for each of the three years the student is matriculated.

After noting that in 1971 Nova gave two honorary degrees, author Morland in the next sentence observes that:

> According to Lee Porter, the last time the Ph.D. was given away for a song was in 1932 when Bing Crosby received an honorary Ph.D. from his alma mater.

This kind of flip smart-alecky criticism runs through the entire article.

That Morland is more interested in calling names than in a scholarly discussion of problems and issues is indicated by the fact that he lists 13 questions concerning the external doctorate in education which are of concern, but then tells us that "because of space limitations" he can discuss only two of them. Thus he has no space left to discuss such questions as:

"Are libraries, facilities, and a resident faculty essential to the preparation of those seeking the highest degree in the profession?"

"How can experimentation and alternative programs be encouraged without destroying standards?"

Admittedly, these and some of the other questions Morland lists are slanted – slanted against the external doctorate in education – and are based on assumed conclusions that programs like Nova's are of "questionable quality," to use his words. But aside from the unfair way in which some of these questions are posed, they do raise legitimate issues for useful discussion. Yet here Morland begs off. He does not, he says, have enough space. And therefore he fails to discuss them.

"Finally, we can also say that, almost without exception, everyone who has been in a position to make an informed judgment about our program has not only approved but has been enthusiastic. This includes students, professional educators, our eminent instructional personnel, [and others]."

A basic failure of Morland's treatment of Nova's program, insofar as he touches on the broader problems, is that he fails to understand that Nova's program is designed for people who have already attained an advanced degree and a position of educational leadership – and who want still more. Nova encourages individual and group responsibility while at the same time ensuring overall standards. It aims to allow its students to achieve new levels of competence in the important and responsible positions they already hold. And it seeks to broaden the geographical and intellectual horizons of these students by exposing them to truly national viewpoints, for the Nova program brings national resources to the local community in a way that no essentially local program can.

Whether Nova is doing this successfully – is as we recognize – not for us to say. It is not for us to say because the evaluation of any educational program like ours inevitably involves a subjective element and a question of judgment which cannot be demonstrated like a mathematical conclusion. It is not for us to say because we may be biased in o perception of how well we are performing.

But there are some things we can say.

We can say that a person who has failed to ta the trouble to see our program in operation is not i position to evaluate [illegible] we do not prete that the description of our program in this arti proves it is working well, so no description of o program by Morland or anyone else who has n seen it in operation can damn it. Yet Morland wro without visiting our campus, without talking wi our personnel, without seeing our clusters at wor and without examining the work-product of o participants.

There are other things we can say.

We can say that a large number of competent a well-qualified people are honestly trying to desig and carry out a program which will have a signi cant impact on educational administration a educational leadership. We resent any implicatio that call into question our motives and good fait We resent the slurs on our eminent instruction personnel (who, according to Morland, a "lend[ing] their names and the prestige of the institutions to programs of questionable quality"), slurs on our students (who, according to Morlan have no concern but a "degree as quickly a possible"), slurs on our accrediting agency (who, according to Morland, accredited us as a result o the application of some "grease"), slurs on ou purpose (which, according to Morland, is nothin more than to collect "$1,500 [in advance, please]") and slurs on our program (which, according t Morland, is "contaminat[ing the idea of extern degrees] by fostering questionable practices"). There is no room in any intelligent discussion of ou program for this kind of name-calling and questioning of the good faith of everyone and everythin connected with the program.

We can also say that our program is becomin better every day, so that anyone who wishes t evaluate it must look at the process of what we are becoming today and tomorrow, as well as what w were yesterday. We readily admit that we are a ne and an experimental program. We have not ye awarded our first Ed.D. We know that we hav much to learn. That is why we would hope that th more traditional academic world would, as for th most part it has, help us and encourage us, no attack us with sly innuendos and uninforme judgments.

Finally, we can also say that, almost withou exception, everyone who has been in a position t make an informed judgment about our program ha not only approved but has been enthusiastic. Thi includes students, professional educators, ou eminent instructional personnel, and even visitin committees from various states where we hav clusters and from our accrediting agency.

In closing, we hope that any *Kappan* reader wh has a further interest in our program, either as a potential student or simply as a concerned educator, will get in touch with us at Nova. We have much more information about our program than could be included in this article and we would be happy to make it available. We believe we will be able to satisfy you that we are doing something of great importance in a creditable way.

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1. In addition to Nova's external doctorate program for educational administrators, Nova offers a separate external degree program for community college faculty. Basically, the two programs are structured in the same way, but they do involve differences of emphasis and also minor differences in program length. For the sake of simplicity and brevity, our references in this article to Nova's external doctorate program will refer to the program for educational leaders, that is, for educational administrators in elementary and secondary schools. However, whatever we say about this program can be said with only minor and insubstantial modification about the similar program for community college faculty.

2. Chairman of the Teacher Education Division, School of Education, University of Pittsburgh; author of *Clinical Supervision*.

3. Associate professor, School of Education, University of California at Berkeley; former deputy director of the New York State Education Commission; co-author of *Schools and Inequality*; co-editor of *New Models for American Education*.

4. Former deputy superintendent of the Los Angeles Public Schools; former deputy U.S. commissioner of education.

5. Professor, Department of Philosophy, University of California at Berkeley; former Alfred North Whitehead Fellow for Advanced Study in Education, Harvard University.

6. Professor of education, University of Illinois; former director of the Center for Coordinated Education, University of California at Santa Barbara; author of *Facts and Feeling in the Classroom*.

7. Plato Valdes, dean of community services at Hillsboro Community College.

8. Budget director of the Los Angeles City Schools.

9. Assistant professor of education and assistant professor of business, Stanford University.

10. Professor, School of Education, University of California at Berkeley; staff director, New York State Commission on the Quality, Cost, and Financing of Elementary and Secondary Education; author of many books on education, including *The Cheerful Prospect*.

11. Professor of law, University of California at Berkeley; co-author, *Private Wealth and Public Education*.

12. In fact, the *Kappan* took the final libelous step in its September issue by a direct reference to Nova as a diploma mill. As its regular readers know, in the September issue of the *Kappan*, the editor advised his readers that "in November [the issue which contained the Morland article describing Nova's and two other doctoral programs] there will be a report on diploma mills at the doctoral level." The referent is clear: there can be no doubt that the *Kappan* is here calling Nova, in so many words, a diploma mill at the doctoral level. ☐

Morland Responds

Although the external doctorate in education is less than three years old, more than 500 Ed.D. and Ph.D. degrees have been conferred by two institutions. Another has approximately 1,500 students enrolled in doctoral programs in 58 centers scattered across the country and plans to establish more. Yet professionals in education know little about these wide-scale operations. My purposes in writing the article were to inform and to raise basic questions, among them: Will the persons who complete programs similar to those described possess the scholarship, knowledge, and skills expected of those holding the highest degree in the profession?

Unfortunately, Mr. Mitchell misses the point of this question as well as the others. I discussed three different institutions and raised 15 questions. Mitchell takes statements far removed from the discussion of Nova and applies them to his own institution. In his defensiveness, he distorts contexts, infers things I do not mean, and attributes to me what is not even mentioned. I never said anything about the motives of Nova and its students. I made no statements as to how much or how little the students learn. I said nothing about the quality of the instruction.

Mr. Mitchell defends, but he does not deny those parts of my article that deal expressly with Nova – original enrollment, endowment, costs, admission standards, degree requirements, extent of work done through correspondence, or the role of the coordinators. Nor does he deny that Nova had no programs in teacher education at the time it was accredited to launch its massive Ed.D. programs.

Mr. Mitchell inveighs, but he does not refute with facts. If I have grossly exaggerated enrollments, what are the correct figures? If a "significant number" drop out because the work is too rigorous, what is the percentage? If Nova believes in local accountability, which state departments of education have inspected and approved its programs? This has not happened in Florida, Nova's home state.

Mr. Mitchell excoriates me for not visiting the clusters, as though my presence would in some way alter basic policies. At the rate Nova is expanding (31 clusters were started in 1973), it would take a team of investigators months to visit a sufficient sample to infer to the entire population, especially since the national lecturers are present only once a month. I gave Nova the full benefit of any doubt that it is doing precisely what it says it is doing. Every statement about Nova's curriculum is based on this assumption. Is this unfair?

The implications of large numbers of doctorates conferred through existing and yet to emerge nontraditional programs extend far beyond what I might think or what Mr. Mitchell might think of me. I have tried to raise searching questions. The answers will have to come from the profession itself. The dialogue has started: let it continue.

"I gave Nova the full benefit of any doubt that it is doing precisely what it says it is doing. Every statement about Nova's curriculum is based on this assumption. Is this unfair?"

John Mahoney

OPEN IS OPEN, FOR HEAVEN'S SAKE

The Walden University dean emphasizes that the external doctorate provides a needed alternative.

Of the many documents which emerged toward the end of the sixties concerning change in education, few may be as important as a publication of the American Academy of Arts and Sciences called *The Assembly on University Goals and Governance: A First Report*. The issues addressed in its 85 theses range from undergraduate education to the functions of governance. At least two of these theses are memorable, though, as they relate to the November *Kappan* article by Richard B. Morland.

> Many institutions offer a graduate education that is excessively specialized and unreasonably time-consuming. Every effort ought to be made to introduce greater flexibility into these graduate programs, with all unnecessary hurdles being eliminated. . . . (Thesis 20)
>
> . . . Many graduate students, of course, are enrolled in advanced degree programs that are directed to professional rather than to professorial careers. They, no less than future academics, would profit from a change in the ethos of graduate instruction. Studies that are too impersonal and prolonged, with requirements that are obscure or unintentionally punitive, should be drastically revamped. (Thesis 36)

Alternative forms of undergraduate education have been thought of, begun, and are proceeding apace. The range of alternatives extends from the fixed innovation contained in the "common curriculum" of Loyola University in New Orleans to the campus-free expansiveness of New York's Empire State College. Hampshire College in Massachusetts, one of the most interesting joint institutional projects in the whole history of education, thrives for those for whom its own alternative principle is appropriate. None of these, or any other honest academic experiments, seriously see themselves in opposition to conventional programs, but only as options available to students for whom conventional programs won't do.

Because, it seems, a college education to the bachelor's level is common enough now, not much of a voice is heard complaining that men and women can now get degrees without the travail which the middle-aged remember. In keeping with an American tradition, indeed, the fact that college may be personally less traumatic for one's children seems like progress.

That obviously is not the case for similar experiments on the level of graduate study. I suppose that the opening paragraph of Mr. Morland's article on the external doctorate can be understood as a *roman à clef*; the rhetoric may be projective, but the details are familiar enough for anyone whose doctoral degree is over 10 years old. In Mr. Morland's case the voice is apparently heard, worrying that a degree program is not to be trusted if it lacks "requirements that are obscure or unintentionally punitive."

To the best of my knowledge, alternative graduate programs, where they exist, take no "strong stand" against conventional programs any more than alternative undergraduate programs do. Goddard's known and respected alternative master's program is simply designed for those who find it intellectually and personally preferable to traditional ones. So far as it can be told, whether Nova University has a cluster near a conventional degree program has little to do with why certain candidates choose to matriculate at Nova. To assume that it did would be to argue that new programs or institutions, conventional or not, should respect the territorial domains of already established institutions. That, in turn, could lead to a kind of reverse geographical planning for higher education. Location has less and less to do with people's choice of institutions these days, and hopefully will have less and less to do with it in the future. The point of alternative education is choice and the availability of program designs that match the people interested.

I cannot speak of Laurence (which apparently no longer has a program in Florida) or for Nova University. The one sentence necessary about Walden is that it is based on interdisciplinizing research effects in an idealized teaching environment, and on the quality of the research produced by its candidates under some remarkable adjunct faculty. If Mr. Morland had visited Walden, or talked to someone there, that might have been clear.

Alternative undergraduate education takes its goal from the well-published advice that people are going to be attending college at different times in their lives, at different rates, and for different purposes than they used to. This isn't to say that traditional programs will go unattended, or that anyone hopes for anything but the survival of traditional colleges. Alternative graduate education takes its goal from the need for "field commissions" for those whose lives and competencies have been dedicated to the profession. While these candidates choose not to reenter the *déjà vu* world of Mr. Morland's young teaching assistant (grading papers for $1.75 an hour and emptying the diaper pail) neither they nor the alternative institutions hope for anything but that the traditional academies prosper.

For all such alternative schools, from street-front academies in Manhattan to the graduate programs, evaluation will determine their right to life. This evaluation, while it should be made routine and essential by the institutions themselves, will be conducted, too, by the agencies, state, regional, even national. Hopefully, this commitment to evaluation on everybody's part will keep the alternatives open and alive to change in themselves. Such institutions, grade school or graduate school, share, as part of their alternative nature, an expansive openness to evaluative visitation and discourse. If Mr. Morland wishes to set about this evaluation, he may be busier than he has been. □

JOHN MAHONEY is dean of Walden University, Naples, Fla. He was formerly dean of the College of Arts and Sciences, University of Detroit.

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THE EDITOR'S PAGE

The *Kappan* Platform: Uninhibited, Robust, and Wide Open Discussion

The November, 1973, *Kappan* carried an article by Richard B. Morland titled "The External Doctorate in Education: Blessing or Blasphemy?" It was introduced by an editorial comment titled "Nova, as in Innovate." In the same issue President Abraham Fischler of Nova University presented a brief comment voicing his conviction that Mr. Morland had made many misstatements in his article.

In this February issue we are pleased to publish a detailed response to Mr. Morland and the *Kappan* editorial, written by Donald P. Mitchell of Nova and titled, "Let's Set the Record Straight: The Case for Nova University's External Doctorate in Education." The *Kappan* has provided Mr. Morland the same opportunity for rebuttal that was provided in November to Mr. Fischler.

This exchange is in the tradition that the *Kappan* has followed since 1958, when the editorial consultants recommended to the Phi Delta Kappa Board of Directors that the journal take a vigorous editorial approach to important contemporary issues in education. We like the spirited reaction of our readers to the dialogue concerning the external doctorate as it has developed to date. The reaction confirms our judgment that the issue is a vital one.

However, we would not want this debate to include any factual inaccuracies or erroneous factual implications. It is clear, for example, that Nova does make use of course examinations, contrary to an implication of the Morland article.* We did not intend to imply that Nova University has a shoddy academic program. On the contrary, it appears to be a reputable institution with a well-developed program. Nor did we mean to imply that there has been an improper relationship between Nova and the Southern Association of Colleges and Schools.

The opinion of the U.S. Supreme Court, in *Rosenbloom* v. *Metromedia, Inc.*, decided in 1971, underscores "the profound national commitment to the principle that debate on public issues should be uninhibited, robust, and wide open." That is also the *Kappan* commitment. (The Supreme Court does not permit nor would the *Kappan* knowingly permit reckless disregard of the truth.) The external doctorate is an important innovation in education and we believe we are serving the public interest by conducting a debate on its merits without fear or favor.

We urge our readers to examine Mr. Mitchell's presentation as published in this issue of the *Kappan*, along with Mr. Morland's brief rebuttal. We urge also that you reread Mr. Morland's original article and our editorial.

We expect to continue publishing dialogue on the external degree in the *Kappan*. We hope that other publications also take up the debate. – SME and LCR

➤ The spirit of vigorous debate animates two further pro/con exchanges in this *Kappan*, as noted on the cover. We want particularly to commend Albert Shanker and his assistant, Ned Hopkins, who at no point questioned the *Kappan* decision to publish the [illegible] article accusing the UFT of misleading advertising. They simply said the article must be answered. We think they did a pretty good job of that. – SME

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*In this *Kappan* Mr. Mitchell [illegible] in his final footnote (page [illegible]), he says the September *Kappan* referred [illegible] to Nova as a diploma mill. [illegible] Nova was not named [illegible] in the September *Kappan*.

BEST COPY AVAILABLE

Senator PELL. Our next witnesses are Dana R. Hart, executive secretary of the Accrediting Commission, and Richard Fulton, executive director, both representing the Association of Independent Colleges and Schools.

I welcome you both here.

Mr. Fulton I welcome particularly, because as you know, the Boston Globe has alleged an improper relationship between us. As you and I both know, there is no improper relationship.

I have worked with, liked you, over the years, appreciated your help and support. At the same time, as you know, I recognize the problems that you face and I have done what I can to assist your organization in tightening up its accrediting process.

I strongly believe that it is just as important, or more important in many cases that a man or woman be educated, trained, for a career as it is to put out one more history or philosophy A.B. I think sometimes we have too many of these.

Right at this juncture in our national life we have too many liberal arts graduates, and too few adequately trained individuals.

So I want to make sure this emphasis on career training continues. At the same time I want to make sure that the outrageous abuses that have occurred, particularly in Massachusetts and other States that have been reported, are eliminated.

But I do not want to throw out the baby with the bathwater. This is the basic problem we face here. I think your organization serves a very important role in both getting people educated toward careers, and at the same time somehow helping to avoid the abuses.

In regard to the actual rate of default, and so forth, I understand that next week witnesses will appear on this subject.

I have been trying to find out what the rates of default are as they compare with the different classes of, or kinds of, education institutions. It has been like pulling teeth to get these figures. I have tried for more than a year, and so far have not received them.

As you know, just about a year ago, I sought to jack up your organization to tighten up its requirements for accreditation, long before the Boston Globe reaching for a story in some cases, I thought, was onto it.

I thank you very much. Would you both proceed as you will. I notice your testimony is awfully long. If you would care to abbreviate it, and it will be put in the record in full, we will be glad to hear your remarks.

STATEMENT OF DANA R. HART, EXECUTIVE SECRETARY, ACCREDITING COMMISSION; AND RICHARD A. FULTON, EXECUTIVE DIRECTOR, REPRESENTING THE ASSOCIATION OF INDEPENDENT COLLEGES AND SCHOOLS

Mr. FULTON. Thank you for your information and candor, Mr. Chairman.

I want to assure you that we have no intention of reading the entire statement. It was prepared because your congressional announcement of these hearings covered several subjects. We thought we would take an opportunity to put a written statement in in several allied areas.

Senator PELL. It will be included in the record at the conclusion of your testimony.

Mr. FULTON. For purposes of the record, I am Richard Fulton.

Senator PELL. If I may interrupt, I had the opportunity of going over and reading your statement last night, so I am reasonably informed on it.

Mr. FULTON. My colleague, Mr. Dana Hart, is the executive secretary of our Accrediting Commission. I would add that our Accrediting Commission serves not only proprietary, but nonprofit institutions. It serves both collegiate and noncollegiate institutions.

Senator PELL. As we go along, excuse me if I interrupt you, but I am trying to educate myself as we move along.

What is the percentage of profit and nonprofit, or as you put it, taxpaying and nontaxpaying institutions in your organization?

Mr. FULTON. Somewhere around 15 percent of the institutions in our organization are nonprofit.

Senator PELL. What is the difference between your group and the next group, the National Association of Trade and Technical Schools and the National Home Study Council?

Mr. FULTON. Of course, the Home Study people aggregate a group of schools that deliver their services via correspondence, whereas our schools are residential.

Senator PELL. Not residential, but you have to go to it. I do not think your schools in general are residential.

In other words, the students do not reside in dormitories?

Mr. FULTON. Some do, and some do not. Many more than people realize. It is quite surprising.

In fact, one of my favorite anecdotes, which some one asked me was: give me an example of a proprietary school. I said Katherine Gibbs.

He said, gee, that is such a good school I didn't even know it was proprietary.

I could say the same thing about many schools that have dormitory facilities.

Time Magazine once asked me to give them a stereotyped, or a typical. That is the very essence of our area of education, that we are not stereotyped.

Senator PELL. We have a secretarial school, New England Business Academy, that is seeking accreditation. It is applying, I think, to your organization, not the National Association of Trade and Technical Schools. Why would it be applying to yours as opposed to the other one?

Mr. FULTON. Mr. Hart I believe can answer that specifically.

Mr. HART. The Accrediting Commission of the Association of Independent Colleges and Schools limits its accreditation to institutions of the business or business related programs.

I will have to let the National Association of Trade and Technical Schools speak for themselves, but generally they accredit institutions offering programs other than those which are business and business related.

Senator PELL. OK. Carry on.

Mr. FULTON. We both respond to this invitation in our individual capacities. While we think we have some background on the subject, certainly it is individual opinion and suggestions we offer.

Again, we state our view of the student-aid programs, for example, accreditation is only an element of eligibility. We think this may be misunderstood by some well-intentioned researchers. I think if one will look at the law, you will see it is very clear. Apparently the Office of Education agrees with us. In part of their testimony they gave to the O'Hara Committee, they divided eligibility into three elements, separating State authority from accreditation as separate elements.

But curiously enough, in other parts of their testimony they will talk about beginning to rely upon States for determinations.

As I understand the law, and particularly the guaranteed student loan program, which has occupied a great deal of attention, for 9 years there has been a set of definitions on the books. Now, whether or not the law has been administered by the program administrators at the OE with regard to determinations or if schools have State authority, and if they are offering meaningful programs leading to employment, that is a question of the administration of the law.

I do think this, that statistically you do not have to belabor the obvious or quantitate the unnecessary to establish that where proprietary school students have been involved in high default rates, there have been absent one of two factors.

Let us look at the facts in New York. New York has a very fine system of State regulation and administration.

Senator PELL. Excuse me. I do not mean to be discourteous to my colleagues on Senator Javits' staff, but I wish you would focus not only on New York, but on Boston, where these problems seem to be particularly acute.

Mr. FULTON. I will shift to Boston then.

Senator PELL. We want to hear about New York, too.

Mr. FULTON. One of the curious things in the Boston Globe articles, in the first series, no school accredited by us was mentioned at all. And nowhere in the series is there any allegation that AICS has been derelict in its responsibilities with regard to the one school they did discuss.

As a matter of fact, I infer that they were rather irritated when they, by some means, found out we had the school under investigation. We had informed the school that the course offerings they had told us at one point were not the same as they were offering in a subsequent point. Further that we were working with the Office of Education.

However the Globe apparently successfully showed that the State people had not kept up with the facts, but nowhere in the story is there any allegation that we were derelict.

Senator PELL. Focus on both cities, if you will.

Mr. FULTON. Let us include California also. There was the West Coast Trade School problem, where those schools were licensed by the State of California, but they were not accredited. There were default problems, there were dropout problems.

Now, let us shift to a series of States where there was no State authority initially, but there were accreditation schools, I mean Texas, Louisiana, Mississippi, Georgia, States like that.

Again you have problems in the default rate of schools having been declared eligible when there was no State authority. New York, you can take the actual facts from the New York Higher Education Assistance Corp., and the accredited school with State authority of very low default rates, or they are comparable to the other institutions of higher education.

On the other hand, New York schools that were not accredited indicate a higher default rate. My point is this, accreditation is not a cure-all. State legislation or authority is not a cure-all. It takes at least a combination, in conjunction with another set of authorities. That is for the USOE to implement the authority they have had for 2 years, to deeligibilize an otherwise eligible institution.

They are asking us, or continue to ask us to do indirectly for them what they should be doing directly. I do not think we are going to have enough money. In 1971 and 1972, just about the time you asked me to report to the commission on what we were doing, the Office of Education came to us and pointed out some statistical abnormalities, and asked us to look into some schools, and we did.

Senator PELL. Excuse me. Was that 1971–72, or 1972–73 that I asked you?

Mr. FULTON. In 1971–72 the United States Office of Education (USOE) contacted us. You requested a report in 1973 of which a copy is attached.

Mr. HART. That is correct.

Senator PELL. I did not realize I asked you so long ago. I am glad I did.

Mr. FULTON. The USOE people made a personal appearance before our accrediting commission in 1972. The program administrators told us what they thought was wrong, or that we should go look at it, and so we did.

It showed, first, an accrediting agency can act responsibly when it is given the facts. But, secondly, it illustrates what can happen to an accrediting agency when it undertakes to do somebody else's work of deeligibilizing.

We rewrote our bylaws. We appointed a review board. We wrote new procedures. We were very proud when we reported to you in September 1973, that we had withdrawn accreditation of 23—it was a number of institutions.

Of course, one could ask, if you were so successful in hanging bandits, why did you let them in in the first place.

Senator PELL. I notice in your testimony you mentioned that fact, also that you were presently under suit from, I think, five institutions.

Why is it that you get sued by institutions and other—I should have asked this of your predecessors—other accrediting agencies do not get sued? What is the reason for it?

Mr. FULTON. Well, I do not know why the others have not been sued yet. Maybe everybody is trying out their theories on us.

Senator PELL. Is it because yours are for profit, whatever it is, would that be the reason? For instance, have any of the institutions that you dropped, were they among the 15 percent or 10 percent that were nonprofit?

Mr. FULTON. With threat of litigation, and for that reason I cannot reveal the name of the institution, but we are very current, I mean within a matter of 72 hours, of making arrangements that if we do certain things, they may forego damage claims, bringing suit on behalf of 200 Hispanic surname students, because of our feeling that accreditation should be withdrawn from the institution.

The school has gone through our entire process of appeals, and Mr. Hart can tell you, or fill you in on the details, if necessary. But, yes, that is a nonprofit; 501(c)(3) institution.

Our first lawsuit, which I have not mentioned in here, we were sued by Blackwell College, here in the District of Columbia, also a nonprofit institution, for failure to grant accreditation.

The District of Columbia courts dismissed the suit, and we have heard no more about it. I hope we do not. We have enough right now with the two suits in fact, and a third suit which appears rather imminent.

The five schools in Texas sued us. That is a very serious situation. Those were among the schools who the Office of Education asked us to examine, and we sent in our teams, and we had show cause hearings, and we went through the whole—what we consider to be due process, and we withdrew accreditation, but the withdrawal of accreditation curiously enough does not always, despite what Dr. Orlans said, it does not mean that a school will lose its eligibility.

We withdrew accreditation, I believe, in May 1973 of those five schools. I believe it was publicly announced. As far as I know, program administrators of USOE continued to insure loans sometimes afterwards, possibly through the end of the year.

Senator PELL. Were they notified when accreditation was withdrawn?

Mr. FULTON. Yes. In fact, that is what provoked the lawsuit.

Well, when OE finally quit insuring loans, and then of course—wait a minute—the lawsuit is not predicated on those five schools, the lawsuit is predicated on the purchase of additional schools by the same individual who was the prime owner of the five schools.

Let me correct the record on that. I apologize. There was no resort to litigation on those five schools. It is the same prime ownership control, then purchased eight additional schools——

Senator Pell. Are any schools owned by ITT members of your group?

Mr. Fulton. Yes, sir.

Senator Pell. How many?

Mr. Hart. Approximately 13.

Senator Pell. How many schools does ITT run, or administer?

Mr. Hart. I did not understand.

Senator Pell. How many schools are owned by ITT in total?

Mr. Hart. All of the business schools which they own, or which are eligible for our accreditation, are members of our association. I do not know how many other schools they own and operate.

Mr. Hart. Could I go back to a question you asked a minute ago? Why we have been sued and no one else has been sued? I think one reason for that is, we have taken many withdrawal actions in the past 2 years, and I am not sure about other accrediting agencies, but I have not seen any figures which would indicate they have taken any such severe action as we have.

Senator Pell. That is a good thought. I would like to interrupt the proceedings for a moment. I see Dr. Dickey and Dr. Kirkwood are still here.

Why do you feel you have not been sued, while this group has been sued?

Mr. Dickey. Mr. Chairman there have been instances of suits being brought against the accrediting agencies that accredit the nonprofit area, as well. For example, the Southern Association had a suit for well over $2 million brought against it by a Florida institution, claiming the association had called it a diploma mill.

There have been other institutions where accrediting agencies have been sued. So I am not certain that there is this opportunity to develop any sort of line between the nonprofit and the proprietary sector on this basis.

Senator Pell. I appreciate that. Maybe this is an occupational hazard of accrediting agencies, and maybe we ought to try to write into the law some kind of exemption from class action suits.

I do not know if that is legal. I am not a lawyer, but it might be helpful.

Mr. Fulton. For the record, I believe San Francisco State also was subject to a suit involving social workers accrediting agency. The claim was that San Francisco State graduates could not get as good jobs because they were graduates of an accredited institution which had been denied accreditation.

Senator Pell. I think if we did write something in the law, it would be to tighten the accrediting process. As I think it through, I can see all kinds of legal complications.

Mr. FULTON. We have made the suggestion if you want to retain accreditation as an element of eligibility, that possibly there should be some buffer which would establish another council of wise men, maybe with governmental immunity, that a school or group of students could turn to if the institution has been denied accreditation in a final decision, or if the institution has had its accreditation withdrawn, you could go to one more forum that might have governmental immunity and get another decision.

I believe this is forum shopping, and the minute you do this, you lay yourself open to criticism of undue delay. But it is funny. The same people who despised Mussolini by saying he made the trains run on time, are the same ones now who cry out for immediate action, and let us do it right away.

There is a need for balance here.

Our recommendation is that if you want to keep accreditation, I think it is going to have to have a buffer if it is to survive. We do not have the resources to finance and pioneer jurisprudence in this area.

Senator PELL. Is it your view then that there should be some legislation in this field. I believe the less legislation the better, as a matter of general governmental policy, but is it your thought that there should be legislation to prevent the abuses that have occurred, and to help with this tightening up process?

Mr. FULTON. No, sir. On the problem of abuses, I think there is sufficient legislation right now. Of course, speed laws do not prevent speeders, but I think there is ample recognition of the role of the States as an independent concurrent element, and particularly in the guaranteed student loan program where the language dealing with the authority from the State under section 435(c)(2) is specifically different when it was enacted 9 years ago from the comparable language on an institution of higher education.

Why that has not been implemented in the administration of the law, that is something I know nothing about.

Similarly, with regard to abuses and getting schools out of the program, again for the guaranteed student loan program, there has been authority to limit, suspend, and terminate since 1972 under section 438(a).

Why it has not been implemented, I do not know. I think there is enough legislation now. It is always a question of it being utilized.

Now, with regard to protecting the accrediting agencies, I think legislation is necessary there if you want to continue to use them.

Senator PELL. I would like to ask the same question, if I could, to Dr. Kirkwood, and Dr. Dickey: do you think some kind of legislation can be enacted in connection with this accreditation or eligibility problem—do you think it would be of help in tightening up, and also in lowering the default rates which are too high, and that this would be of help, either one of you?

Mr. **Kirkwood.** Sir, I think it would be of help, because as it stands right now, the accrediting agencies are under constant threat that if they do not enter into an accrediting relationship with an institution, that they will be taken to court.

Two of the regional accrediting commissions are under threat of lawsuits at this moment for that very reason. They refused heretofore to enter into a working relationship with institutions, institutions unwilling to accept their reasons, and are threatening to take them to court to do so.

I think a protection would be vital, as Mr. Fulton has pointed out.

I think this would help considerably in tightening the accrediting process, but I do want to emphasize that the thrust of accreditation is not in an exclusive direction. Rather, it is an inclusive direction. We are much more concerned in working with institutions, to strengthen and improve their educational quality, than we are in setting such rigid standards that we exclude institutions from the accrediting community.

But we prefer to do it on a voluntary basis, rather than under threat or compulsion to lawsuits. I think some protection would be desirable.

Senator **Pell.** Would you be kind enough to submit to the subcommittee your thoughts with regard to the ideal legislation? Either get a legal firm to draw it up, or the outline of the ideas.

I would also ask if the Association of Independent Colleges and Schools would do the same, and I will also ask the National Association of Trade and Technical Schools and the American Home Study Council, when they come up, if they will do the same.

I am not saying we will even have any. But I would like to see your specific ideas.

Mr. **Fulton.** I think you are quite correct in asking for specific ideas.

As you earlier noted, people want specific answers from you. I looked at the Newman report, and I think it is well intentioned.

Frankly, I know some of the people on the task force, it is well intentioned, begging the question, because they have not given you any specific answers. They just said, well, we should have a national procedure for determining eligibility.

Well, give me the procedure, because that is where the buck stops.

Just like this committee has to make certain hard decisions, Congress has to make certain hard decisions, and it is: get in or get out. And accrediting agencies have to do the same thing.

Just to say we should have some procedures, give me the procedures—and certainly I think that our accrediting agencies, as long as Congress wants us to be an element in eligibility, we will do our best to respond—but the point we have reached, I do not know if we can afford it financially.

[The information referred to and subsequently supplied follows:]

ASSOCIATION *of*
INDEPENDENT COLLEGES *and* SCHOOLS
(Formerly United Business Schools Association)
1730 M STREET N.W. · WASHINGTON, D.C. 20036 · 202/659-2460

Office of the
Executive Director

February 3, 1975

The Honorable Claiborne Pell, U.S.S.
Room 325
Old Senate Office Building
Washington, D.C. 20510

Dear Senator Pell:

In response to your request I enclose a suggested draft of a proposal which in my opinion could afford accrediting agencies some relief from the ever present threat of litigation whenever accreditation is a necessary element of eligibility.

I would suggest that it be added as a new subsection (c) of Sec. 438 Eligibility of Institutions of Part B of Title IV of the Higher Education Act. Then I would further suggest that all of Sec. 438 be relocated and renumbered to either Part F of Title IV as three new subsections in Subpart 1, possibly as new subsections 497 (d), (e), and (f), or to Title XII as three new subsections (m), (n), and (o) to Sec. 1201. In the former case, the entire thrust of all of Sec. 438 would then be applicable to all programs of student financial aid. In the latter, the alternative to accreditation would be available in programs of institutional aid also.

In any event, I would be happy to respond to any invitation from you to elaborate through testimony to attempt to justify this proposal.

Respectfully submitted,

Richard A. Fulton

Richard A. Fulton
Executive Director and
General Counsel

RAF:ch
Enclosure

For purposes of this [Act] [Title] notwithstanding any other provision of an institutional definition requiring accreditation by an agency or association recognized by the Commissioner as a necessary element of eligibility, the Commissioner is authorized to prescribe such regulations as may be necessary for the establishment of National Advisory Committee on Institutional Quality and to provide for an alternative method by which such a requisite may be satisfied by an institution which:

(a) is not accredited and as a matter of policy or does not wish to be accredited;

(b) has been denied accreditation;

(c) has had its accreditation withdrawn;

(d) for any cause satisfactory to the Commissioner does not have access to accreditation.

This alternative to accreditation as an element of eligibility may be asserted by the institution itself or by a representative group of students for the purpose of determining eligibility for all Federal student assistance funds.

(February 3, 1975)

Senator PELL. I would like to bring up another question I want to ask all three panels.

I would like to ask Dr. Dickey, or Dr. Kirkwood, is your organization, or are any of you registered as lobbyists?

Mr. DICKEY. No.

Mr. KIRKWOOD. No.

Senator PELL. The answer is no.

Is either Mr. Fulton or Mr. Hart registered as a lobbyist?

Mr. FULTON. We have not. In 1967 and 1968, because we wanted to adopt an affirmative legislative program, in distinction from responding to a request for opinion and information, we did retain a very fine law firm, a former member of Congress, the Hon. Carl Elliot. For 2 years Elliot and Naftalin did register. Forms were filed by United Business Schools Association, because we thought it appropriate at that time.

Senator PELL. I better ask the same thing of the next group, because I was just curious.

There is another point I wanted to raise. Did I hear you correctly to say that none of the institutions in the Boston Globe series mentioned were members of your Association of Independent Colleges?

Mr. FULTON. Let me be very precise. In the original series, there was about 10, just treating the subject generally, of sin and horror, and so on, none were mentioned.

Subsequently, there was a specific series of two or three articles on one institution, the Andover Institute of Business in Boston, which had been accredited. But interestingly enough, there is no allegation that we were in any way derelict in carrying out our accreditation responsibilities.

As a matter of fact, we have the records, and this committee I assume has subpoena powers, so you would be free to look at them, showing that we had—Mr. Hart can give you the details, if necessary—we had examined the catalog, I think, of the institutions, and discovered that they were offering programs beyond the scope of our accreditation.

This has been brought to the institution's attention. As a matter of fact, I guess we had an inspection team in there.

Mr. HART. I am not sure of my dates—I do not have the specifics on the top of my head, but the fact is that we were investigating the institution prior to the Globe publication, and had, in addition to that, called their hand on several other things.

Mr. FULTON. I have a letter to the Boston Globe about that, which if you would like me to submit it to the committee, I would be delighted to.

Senator PELL. Delighted to have it.

Also, what about the Washington Post series? Were any of those institutions members of your group?

Mr. FULTON. Mr. Wentworth would probably know better than I would. As I said before, I think he is a very professional reporter. I think the only problem was that the original premise leading to the series that all the sins of the guaranteed student loan program were in proprietary schools, the facts later interfered with that premise.

But I am not going to deny there have been serious problems.

Senator PELL. Just submit for the record how many of your institutions, I mean how many of the institutions mentioned were members of your association.

Mr. FULTON. In the Washington Post series?

Senator PELL. Yes.

Mr. FULTON. Yes, sir.

[The information referred to and subsequently supplied follows:]

ASSOCIATION *of*
INDEPENDENT COLLEGES *and* SCHOOLS
(Formerly United Business Schools Association)
1730 M STREET, N.W. WASHINGTON, D.C. 20036 202/659-2460

Office of the
Executive Director

February 3, 1975

The Honorable Claiborne Pell, U.S.S.
Room 325
Old Senate Office Building
Washington, D.C. 20510

Dear Senator Pell:

The enclosed information is in response to your several requests in the course of the hearings of September 13, 1974.

Correspondence concerning the Andover Institute of Business and the *Boston Globe*.

1) AICS to AIB	12/27/73
2) AICS to AIB	4/12/74
3) *Boston Globe* to AICS	4/8/74
4) AICS to *Boston Globe*	4/16/74

AICS Schools named in Washington Post series June 23-26, 1974.

1) [illegible]yton's Business College
Atlanta, Georgia

2) Marsh Draughon Business College
Atlanta, Georgia

3) Community College
San Antonio, Texas

4) Delta School of Commerce
Shreveport, Louisiana

5) Riverside University
Riverside, California

Senator Claiborne Pell
February 3, 1975
Page 2

Provisions of cost free continuation of education of AIB students.

1) Offer of June 25, 1974 by Massachusetts Association of Business Schools to former AIB students to help them continue their studies.

2) Bay State to RAF letter of July 18, 1974.

3) Report

For the completeness of the record, you may wish to have the following information:

1) The threat of the lawsuit to which we referred at the hearings became a reality. Rockland Institute v. AICS, #CV 74-2712-FW (USDC-Central Dist. Calif.) is currently dormant after the Court denied plaintiff request for a preliminary injunction to prevent AICS from publishing final decision to withdraw accreditation.

2) In Texas, the Attorney General of the state has secured a temporary injunction, State of Texas v. Wehling, #74CI-14335, Bexar County Dist. Ct., against the schools which AICS previously withdrew accreditation or which AICS has refused to reinstate accreditation.

I hope the foregoing is complete and responsive to your request.

Respectfully submitted,

R. A. Fulton

Richard A. Fulton
Executive Director and
General Counsel

RAF:ch
Enclosures

BEST COPY AVAILABLE

December 27, 1973

Mr. Harry S. Gersh, Treasurer
Andover Institute of Business
715 Boylston Street
Boston, Massachusetts 02116

Dear Mr. Gersh:

This will acknowledge receipt of your proposed new catalog and your letter of December 11, 1973.

I am enclosing a checklist of the Commission's requirements for an acceptable catalog, with the suggested areas for improvement noted in red. The following observations may be of assistance also:

1. The phrase on the rate sheet "and in conformance with, the ethical criteria of accreditation" should be omitted. The Commission expects each institution to establish its own policy within the guidelines of the Commission but without reference to the Commission.

2. The Commission no longer retains the category of "two-year school of business". The fact of accreditation should be stated as "accredited member, Association of Independent Colleges and Schools" or "accredited by the Accrediting Commission of the Association of Independent Colleges and Schools".

3. Rather than stating "approved by the Department of Health, Education and Welfare," et cetera, the catalog should contain the statement "eligible institution" when referring to NDSL, CWS and other federal programs.

4. The catalog page "Continuing your Education" could best be omitted. In the absence of this, it would be necessary for the institution to clearly disclose that acceptance of credit is the prerogative of the receiving institution and that no guarantee of transfer can be made.

We hope these suggestions will prove helpful. However, while this office is glad to review your catalog, it is the responsibility of the institution

Mr. Jerry S. Cersh
December 27, 1973
Page Two

to publish a document complying with all requirements. This office can only offer guidance and an opinion from a professional viewpoint. The full Commission finally approves or disapproves the catalog of an institution.

We look forward to receiving a copy of the new catalog when printed.

Sincerely,

[illegible] E. Fort
Executive Secretary

DEF:mp
Enc.

BEST COPY AVAILABLE

April 12, 1974

Mr. Harry Garsch
Andover Institute of Business
715 Boylston Street
Boston, Massachusetts 02116

Dear Mr. Garsch:

This will acknowledge receipt of your printed catalog, effective January 1, 1974.

While the document appears to meet most of the Commission requirements, there are certain areas of concern. Specifically, we note that you include a medical assistant program in the catalog. This program was not included in the printer's copy which we evaluated on December 27, 1973. When was this program instituted and is the program accredited by any other agency? Please keep in mind that the scope of this Commission's accreditation includes only the business and business-related programs.

The new catalog also contains what we think is an over-emphasis on illustrations of remote computer facilities, which tend to, or have the capacity to, influence prospective students to think that these are on your premises. Again, the printed copy you submitted in December did not contain these illustrations.

Catalog inserts should be printed, dated and identified as a part of the catalog. Your mimeographed inserts should be corrected and printed. Also, the reference to the ethical criteria of the Commission should be deleted from the insert sheet. Each institution must establish its own refund policy and this policy must be in conformity with Commission requirements.

May we have a prompt response from you.

Sincerely,

Robert M. Teren
Program Coordinator

RMT:kj

The Boston Globe

617 288 3000 BOSTON • MASSACHUSETTS 02107

A.I.C.S.
RECEIVED
APR 30 1974
WASHINGTON, D.C.

April 8,1974

Mr. Richard Fulton
Executive Director,
Association of Independent
Colleges and Schools
1730 M Street, N.W.
Washington, D.C.

Dear Mr. Fulton,

Per our conversation of April 8, I am seeking information regarding accreditation by your organization of a school called Andover Institute of Business.

I would like to know:

a) when the school was originally accredited when it was located in Brockton, Massachusetts.

b) when were you notified and by whom that the school was sold in the spring of 1973.

c) did the purchasers of the school,who were the owners of the Career Training Institute in Boston,request to show justification to the Accrediting Commission why the accreditation of Andover Institute not be suspended. If so, when?

d) did the new owners of Andover Institute of Business present such justification and when.

e) what was the justification for non-suspension of accreditation and:

f) when was the last accreditation investigation of the school and how long is its accreditation effective. and are there any accreditation restrictions on the new owners of the school.

Thank you for your assistance.

Yours truly,

Stephen A. Kurkjian
Staff Reporter

ASSOCIATION of
INDEPENDENT COLLEGES and SCHOOLS
(Formerly United Business Schools Association)
1730 M STREET, N.W. · WASHINGTON, D. C. 20036 · 202/659-2460

Office of the
Executive Director

April 16, 1974

Mr. Stephen A. Kurkjian
Staff Reporter
BOSTON GLOBE
Boston, Massachusetts

Dear Mr. Kurkjian:

This is in response to your letter of April 8, 1974, seeking information regarding accreditation by AICS of the Andover Institute of Business which you further identified in our telecon of the same date as being located at 715 Boylston Street in Boston.

Before responding particularly to your questions about the accreditation of the institution itself, I think it may be helpful, at least for the record, to point out the limitations or restrictions on the scope of the accreditation of any institution by AICS. Contrasted with the very general nature of accreditation by the regional accrediting bodies, the scope of AICS activity is limited by USOE recognition to specialized accreditation of business schools, junior colleges of business, and senior colleges of business. The Commissioner of the USOE has adopted a definition of "specialized" to refer to business and business related (including data processing) education.

Thus an institution might be legally authorized by reason of its "license" from the state to provide a course in dental assisting, to offer a program in drafting which has been "approved" for the training of veterans by the State Approval Agent, or "authorized" to invoice a state Rehabilitation Commission for tuition of a medical aide program; yet none of these areas fall within the scope of AICS accreditation. The several terms can be but are not necessarily coextensive.

Similarly "eligibility" for guaranteed student loans (GSL), basic opportunity grants (BOG) and veterans benefits (G.I. Bill) may or may not be coextensive depending upon the length of the program and the scope of the institution's accreditation. The determination of "eligibility", of which "accreditation" may or may not be one of several pre-requisite elements, is the responsibility of the appropriate governmental agency.

BOSTON GLOBE
April 16, 1974
Page Two

Concerning the Andover Institute of Business, a review of the file provides the following information:

A. *Question* - *When (was) the school originally accredited when it was located in Brockton, Massachusetts?*

The institution was originally accredited at the Spring, 1969 meeting of the Commission.

B. *Question* - *When were you notified and by whom that the school was sold in the spring of 1973?*

This office was notified by letter on April 10, 1973, from Mr. Barry Gersh, Chairman of the Board, that the Andover Institute of Business, Brockton, Massachusetts, had been acquired as of April 9, 1973, by Career Training Institute, Inc. Mr. Gersh further stated, in his letter of the 10th that it was the intention of CTI, Inc. to retain intact all students, faculty, administration, and curriculum. Change of ownership forms and notice of Criteria were sent to the institution.

C. *Question* - *Did the purchasers of the school, who were the owners of the Career Training Institute in Boston, request to show justification to the Accrediting Commission why the accreditation of Andover Institute not be suspended? If so, when?*

Yes. The new ownership control of the institution, Computer Educational Services, Inc., acting through one of its 100% wholly owned subsidiaries, Career Training Institute of Boston, did make such a request by a letter dated April 17, 1973.

D. *Question* - *Did the new owners of Andover Institute present such justification and when?*

The change of ownership document and supporting exhibits were received in the Commission office on April 20, 1973. These along with additional exhibits were presented to the full Commission at the June 25-28 meeting. The Commission, at that meeting, ruled that the institution had supplied enough information to justify a continuance of accreditation subject to the filing of additional information prior to the Spring 1974 meeting of the Commission:

D continued

1. Submission of current financial reports covering the period July 1, 1973 to January 1, 1974, prior to the Spring, 1974 meeting of the Commission.

2. Receipt by January 1, 1974, of a new catalog meeting all AICS criteria.

At the same time, the Commission ruled to raise no objection concerning the change of location described in Mr. Gersh's letter of May 24, 1973) and previously approved by the State of Massachusetts.

E. *Question - What was the justification for not suspending accreditation?*

On the basis of documents, information and letters the Commission at the time was of the opinion that there was no evidence of noncompliance with the criteria to justify suspension. There was sufficient evidence to warrant continuation of the accreditation of the institution pending a full scale reevaluation. Certain additional information including financial statements for the balance of 1973 and publication of a new catalog meeting AICS criteria were required.

The factors to be considered in any accreditation decision include facilities, faculty, financial stability, management, ownership and the program of the institution. By way of example this included the assurance that the school would be exactly the same except for the change of address and the continuation of the curriculum followed in Brockton.

F. *Question - When was the last accreditation investigation visit of the school and how long is its accreditation effective, and are there any accreditation restrictions on the new owners of the school?*

The most recent visitation to the institution took place on October 23, 1973.

The present grant of accreditation expires in 1975. The normal accreditation period for AICS is six years in contrast with the ten-year cycle of the regional bodies. The grant was made in the Spring of 1969 based upon the accreditation visit of July, 1968. The institution must apply for a new grant of accreditation to be reevaluated in 1975. Materials appropriate to this re-evaluation would be sent to the institution about the first of June, 1974, with consideration to take place at the April, 1975, meeting.

F continued

I am not quite sure what you mean by accreditation "restrictions" or by whom such might be imposed. If you mean "scope" of accreditation as described earlier then of course it and any other institution accredited by AICS is restricted to or limited by the admonition that AICS accreditation embraces only "business and business related (including data processing) education." Other programs would have to be accredited by some other nationally recognized accrediting agency.

On the other hand, if you refer to some limitation of recognition of the accreditation as an element of "eligibility" for one or more Federal or State programs that is a matter to be answered by the program administrator. We understand that there has been litigation between the institution and the Massachusetts Higher Education Assistance Corporation which apparently differs from the USOE as to what constitutes "eligibility" for purposes of the guaranteed student loan program. The last information we have is the decision of Judge Garrity in Civil Action 73-3322-G on October 5, 1973, in the U.S. District Court for the District of Massachusetts.

I hope the above answers are responsive and complete to your questions.

Sincerely,

Richard A. Fulton
Executive Director
and General Counsel

RAF/rc

Mr. FULTON. Incidentally, I might add, I had a conversation yesterday with a gentleman, a lawyer, whose daughter managed to finish college in 3 years, instead of 4, at a very fine eastern establishment school. He now, to his horror, finds that he is being dunned for a fourth year of tuition, even though she managed to complete that bachelor's degree in 3 years.

Senator PELL. Would it be improper to mention the institution?

Mr. FULTON. I would just as soon withhold it at this point.

Senator PELL. I do not think you are liable for libel, but I am not sure.

Mr. FULTON. We do not know, but it is a very interesting concept.

Senator PELL. I would think that would be of some interest to Mr. Dickey.

What association is this particular institution a member of?

Mr. FULTON. I would believe the New England association.

Senator PELL. Would you be kind enough, in a private basis, confidential basis, to submit the name to us?

Mr. FULTON. I would.

Senator PELL. So we can look into this.

Mr. FULTON. I would.

I am sure we both realize there are many questions, and we would be glad to respond to additional questions in writing from the committee.

Senator PELL. I just hope it is not Rhode Island.

Mr. FULTON. We reemphasize again that no matter what technique you use, if you are going to look at a bundle of elements for eligibility, you may want to use State or continue State licensure, and you may want to look at the quality of education, and through that you may wish to use accreditation. But I think equally important, if you are concerned, especially about abuses, the time has come for the program administrators at the Office of Education to implement their 26-month-old authority, to limit, suspend or terminate eligibility of an otherwise eligible institution.

Senator PELL. Thank you.

I have a couple of very specific questions.

Does an institution's placement rate and the job retention rate of its graduates have any bearing on your accreditation process?

Mr. HART. Yes. I am not sure what you mean by job retention rates.

Senator PELL. In other words, they may be immediately placed, but how long do they stay on the job? Do they stay on it for a year, 6 months?

Mr. HART. I would have to say that is not given a lot of weight in our accrediting process, the job-retention rate, because of the fact that the school has lost control or contact with the student, or at least some of those students, after going to work.

Senator PELL. I am not sure I would agree with you on that, because I think the purpose is to have full-time placement of a permanent nature afterwards, and very often an institution could have some kind of relationship to feed people in, they would stay there for a couple of weeks, and then drift away, and that would not be—those statistics would not properly be reflected.

Mr. HART. I think we are in agreement on this. I was not thinking about a 2-week job. I do not call that placement, really. I was thinking about long term, a long term of time, because the student does gradually gravitate away from its alma mater. Placement is a factor, and certainly if there was an institution which could figure out a way to place students for 2 weeks, we would find out about that.

Senator PELL. Have your schools ever given thought to some type of broad policy that could protect the students in the following manner:

If one institution in your group went bankrupt, could the students be given tuition, his or her tuition, to go to another institution teaching roughly the same subject matter, who is also a member of your association?

Mr. FULTON. Mr. Chairman, that has both legal and social aspects to a question like that.

As a matter of history, I think it is fairly well evident, as it happened in Boston—Andover Institute of Business closed its doors, and the other schools in the area did take the students——

Senator PELL. But did the students have to pay de novo tuition, or was the tuition already paid to Andover counted towards the tuition——

Mr. FULTON. I cannot speak exactly to this. Maybe you can.

Mr. HART. I cannot speak exactly. But, generally speaking, I think they were given credit for their tuition paid to Andover.

Senator PELL. You think so?

Mr. HART. Yes.

Senator PELL. Submit the answer to this question for the record. Check out specifically whether the new institution X would take a student in—in other words, free, for the balance of the term, because it paid the tuition to Andover.

I hope you are right.

[The information referred to and subsequently supplied follows:]

BEST COPY AVAILABLE

BAY STATE

Accredited as a JUNIOR COLLEGE OF BUSINESS by the Accrediting Commission of the Association of Independent Colleges and Schools

Dear Student: June 25, 1974

The Board of Directors of Andover Institute of Business is happy to inform you that, in conjunction with member schools of the Massachusetts Association of Business Schools and under the coordination of Mr. Barry H. Gerch, Director of Andover Institute of Business and Mr. George J. Brennan, President of Bay State Junior College of Business, Boston, arrangements are now being made to provide you with the opportunity to continue your education in the program and institution of your choice.

The details of how you can avail yourself of this cooperative effort will be found in the attached memo.

The closing of Andover Institute of Business, for reasons which were not controllable, should not in any way cause you discouragement as the opportunities that will be offered to you will allow for the continuance of your education. Certain member schools of the Massachusetts Association of Business Schools are willing to take into special consideration problems relating to tuition and other charges for students who were in active attendance at Andover as a way of encouraging and aiding you in the completion of your studies.

Schools which have offered their assistance are: Bay State Junior College of Business, Burdett School, Grahm Junior College, Bryant & Stratton, Newbury Junior College, Andover School of Business in Andover, Hickox School, Tech-Age Business School and Salter Secretarial School of Worcester.

We sincerely urge you to contact or visit Mr. George J. Brennan, Project Coordinator, at Bay State Junior College of Business, 122 Commonwealth Avenue, 266-0220, for a personal conference and to obtain recommendations to those participating schools which may offer the program you are looking for.

Working together and in harmony, we are confident you will achieve your stated goal and be accepted at one of the aforementioned schools to continue your education in September.

Sincerely yours,

Barry Gerch
Barry Gerch, Director
Andover Institute of Business

George J. Brennan, President
Bay State Junior College of Business

fmk

MASSACHUSETTS ASSOCIATION OF BUSINESS SCHOOLS

The below listed Accredited Institutions are participating in "Project Student Continuation". You are cordially invited to visit personally or telephone any or all of the schools in which you might be interested in pursuing the continuation of your education. For your further assistance, information will be forwarded to you by these institutions.

Bay State Junior College of Business
122 Commonwealth Avenue
Boston, MA 02116
TEL: 266-0220

Burdett School
200 Tower Building
Prudential Center
Boston, MA 02199
TEL: 267-7435

Bryant & Stratton School
867 Boylston Street
Boston, MA 02116
TEL: 536-6789

Grahm Junior College
632 Beacon Street
Boston, MA 02215
TEL: 536-2050

Hickox School
200 Tremont Street
Boston, MA 02116
TEL: 482-7655

Newbury Junior College
921 Boylston Street
Boston, MA 02115
TEL: 262-9350

Tech-Age Business School
6 Pleasant Street
Malden, MA 02148
TEL: 321-2500

Andover School of Business
90 Main Street
Andover, MA 01810
TEL: 475-5151

Salter Secretarial School
45 Cedar Street
Worcester, MA 01609
TEL: 753-4786

BAY STATE

Accredited as a JUNIOR COLLEGE OF BUSINESS by the Accrediting Commission of the Association of Independent Colleges and Schools.

A.I.C.S.
RECEIVED
JUL 2 1974
WASHINGTON, D.C.

July 18, 1974

Mr. Richard A. Fulton
Executive Director
Association of Independent
Colleges and Schools
1730 M Street, N.W.
Washington, D.C. 20036

Dear Mr. Fulton,

I thought that you might be interested in the enclosed report relative to the Andover students. George and I have been working to get them placed in other schools and have maintained close contact with the Attorney General's Office and Massachusetts Higher Education Assistance Corporation.

I wonder if the Globe would be interested in printing anything of such a positive nature. The schools (with the exception of the State Schools) listed here are taking in these students and giving them full financial credit for any money they lost at Andover. I have personally made an effort to contact every one on the list.

Congratulations on becoming an instant New England celebrity.

Sincerely,

Frank

Frank X. Carroll
Director of Admissions

jm

Enclosure

P. S. Those names starred in Group IV are ones I'm currently working with--actively.

BEST COPY AVAILABLE

BAY STATE

Accredited as a JUNIOR COLLEGE OF BUSINESS by the Accrediting Commission of the Association of Independent Colleges and Schools.

The following is a summary of the scholastic condition of the former students of Andover Institute of Business compiled for the Massachusetts Business School Association under the direction of George J. Brennan, Jr., Project Coordinator and prepared by Frank A. Carroll, Bay State Junior College.

I. STUDENTS ACCEPTED OR UNDER CONSIDERATION AT OTHER SCHOOLS

Bay State Junior College

Phillip, Octavia
King, Gloria
Burley, June
Ware, Gwendolyn
Lawson, [illegible]
Owens, Frances

Gibson, Lawan[illegible]
[illegible], Corinne
Hennessey, Barbara
Wilson, Denise
[illegible], Christine (pending)
[illegible]rs, [illegible] (pending)

Michaelidis, [illegible] (pending)

Bryant and Stratton

Gaudette, Karen
Turner, Joan
Jesserman, Susan
Luise, Mary
Hamilton, Denise
Doty, Marjorie (pending)

Tech-Age Business School

Davis, Marjorie
Appling, Rosamond
Mukherjie, Nandita
Esteves, Ines
Buonanno, Theresa

Bryman [illegible] School

Bocey, Margaret
Biggs, Anne

Fisher School

McLeod, Francoise (withdrawn)

Bentley

Danovich, Richard

Burdett School

Vegel, Augusta

Newbury Junior College

Kok, Vang

Chamberlayne Junior College

Reynolds, Dale

Massasoit Community College

Martorana, Nicoletta

Page Two

II. STUDENTS WHO HAVE INDICATED THEY DO NOT WISH TO CONTINUE

Hanna, Marianne
Patterson, Janeth
Perks, Juanita
Calef, Patricia
Jackson, Florence

Mathis, Debra
Monaghan, Aida
Lawson, Sonia
Wisdom, Gloria
Mora, Bianca

Garay, Luis

III. STUDENTS WE HAVE BEEN UNABLE TO CONTACT

Needee, Florvelie
Mullea, Katherine
Fernandez, Sylvia
Emory, Lillian (eves)
Hester, Mildred (eves)
Valenciano, Ana
Payne, Lynette
Rodgers, Shirley
Thomas, Amelia
Arce, Laura
Boudreau, Robert
Dickerson, Joseph
Johnson, Frederick

King, Clifford
Monteiro, David
Strickland, Bernard
Theoharis, Ilias
Vitudithaya, Tarinee
Eckhold, Wayne
Goldson, Alto
Harris, David
Barnes, Jamie
Greer, Robert
Newell, Thomas
Weaver, Alice
Underwood, Andrea (Elkhart, Ind.)

Shelton, Power

IV. STUDENTS STILL UNCERTAIN OF PLANS

* Contreras, Lea
* Durci, Darlene
* Delaney, Donna
* Hutchinson, Mary

* Kardonetz, Mary
* Martorana, Nicoletta
* Shay, Suzanne
* Vedrine, Emmiline

Mr. FULTON. We certainly will look into it. If not there, there are other instances where the school closes, other schools have taken students in with credit for the amount of tuition paid to the closing institution. But it has been an informal social responsibility, much like the defense of the indigent had been on the part of the Bar until we got more formalized system of legal defenders.

Now, whether we could undertake some sort of legal—Senator Tunney, I believe, has a piece of legislation on this subject.

Senator PELL. I do not think Senator Tunney's legislation is addressed directly to this problem, somewhat peripheral.

But the thought I had is maybe you could get an insurance policy as an association that might cover you or cover your institution.

Mr. FULTON. That is very interesting about the insurance policy, because many of the nonprofit establishment schools that have a very simple refund policy have no refunds for the entire academic year, even though you have maybe only attended as little as 1 day for tuition, board, and room, will permit you to buy for 2½ percent of your tuition an insurance policy which would then, under certain circumstances, give you a refund if you do not finish the term.

Maybe that same principle of these nonprofit schools that have refund policies of no refunds could be carried over into warranting or guaranteeing the student at any sort of institution, in this time of institutional instability, when all sorts of institutions are closing up, it may have some merit.

Senator PELL. It might be included in the basic tuition cost, because, in many cases, the students in your institutions are not as sophisticated as those—the parents, at least, are not as sophisticated as those in the other groups.

Mr. Fulton. Senator, most respectfully, I would say there are schools where the students may not be sophisticated. But, at the same time, I think it is a hasty generalization.

For example, Grace Bail Secretarial College in San Francisco, at one time 96 percent of the students had one or more semesters of college, and 56 percent had bachelor's degrees.

I suggest the socioeconomic profile of student body at Kathryn Gibbs, Berkeley School, or the Washington School for Secretaries might represent a heavy emphasis of the upper middle class.

So, while I would agree that there are a number of schools that probably do, that alone, I think, is attributable just as much to an innercity community college where some student takes his aid money and goes and buys an automobile and certainly cannot stay in school.

So, most respectfully, I say the sociopsychological economic profile of our students are terribly varied.

Senator Pell. But then maybe it could be done in the same basis you suggested, but a policy could be made available on an individual basis for 1 or 2½ percent.

I think my recollection of these policies is that they provide either for the school's collapse or individual's withdrawal for reasons of health or something else.

Mr. Fulton. I believe so.

Senator Pell. Are there any other particular points you care to make?

Mr. Fulton. We will be glad to respond to any written inquiries you have, and I will attempt to establish the name of that institution.

Senator Pell. Thank you very much, indeed, Mr. Hart and Mr. Fulton.

[The joint statement of Mr. Fulton and Mr. Hart follows:]

JOINT STATEMENT

of

Mr. Richard A. Fulton
Executive Director and General Counsel
Association of Independent Colleges and Schools
Washington, D.C.

and

Mr. Dana R. Hart
Executive Secretary
The Accrediting Commission
Association of Independent Colleges and Schools
Washington, D.C.

Before The
Subcommittee on Education
of the
Committee on Labor and Public Welfare
U.S. Senate
September 13, 1974

* *

Mr. Chairman, and members of the Subcommittee:

My colleague Mr. Dana Hart and I wish to acknowledge the serious responsibility accorded to us by you in responding to your invitation to give testimony to the Committee with regard to accreditation and how it is related to institutional eligibility.

We have studied carefully your announcement in the Congressional Record of September 5, 1974, detailing this series of hearings. Since we also are concerned about matters other than accreditation we have taken the liberty of incorporating into this statement some observations on the default rate in the guaranteed student loan program and the Federal Trade Commission proposed Trade Regulation Rule on career vocational schools. In connection with the FTC we include as attachments

1A, 1B, and 1C the following:

1A - Text of the FTC proposed TRR

1B - AICS Bulletin No 74-9 commenting upon it

1C - Text of FTC Chairman Louis Engman speech to American Bar Association of August 14, 1974

Briefly, by way of background, I am Richard A. Fulton, Executive Director and General Counsel of the Association of Independent Colleges and Schools (AICS). Mr. Dana R. Hart is the Executive Secretary of the Accrediting Commission of AICS which, under our corporate charter and Bylaws and The Criteria of the U.S. Office of Education, is the body endowed with independence of judgment with regard to accreditation of institutions within our scope of authority.

I would underscore the fact that while the bulk of our membership is institutions which are proprietary in form, we are not the Accrediting Commission for proprietary schools, rather we are the Accrediting Commission for institutions other than public tax-consuming institutions, both proprietary and non-profit, which offer programs of education in business and business-related programs, both at the collegiate level and at the post-high school level. Further, several members of AICS are accredited by regional accrediting agencies.

Of the some 500 institutions holding membership in AICS, the bulk of these institutions is proprietary in their form of governance. Some people would call them "profit making institutions" others might refer to them as "tax-paying institutions" rather than tax-consuming or tax-avoiding institutions. About 15% of the institutions are tax exempt or, in the layman's term, "non-profit" institutions. Some of these are church-related, such as LDS Business College in Salt Lake City, Utah, or the Aquinas Junior College in Milton, Massachusetts.

Although many people are prone to classify proprietary education as a level of complexity or a particular program of study, it is our position that proprietary is merely indicative of one of the three forms of institutional governance, that is public tax-supported, private, tax-exempt; and proprietary, tax paying institutions. The form of governance is unrelated to whether or not the institution is degree-granting or "collegiate." Within our orgranization there are proprietary, collegiate, baccalaureate degree-granting institutions such as Strayer College here in the District of Columbia, and tax-exempt 501(c)(3) institutions such as the Amercian Institute of Business in Des Moines, Iowa, which is accredited as a business school instead of a collegiate institution. To those who persist in referring to "proprietary and other vocational institutions", we must respond that this has the same logic as those who refer to "nurses and other female health personnel" or "secretaries and other female clerical employees."

Mr. Hart and I respond in our individual capacities. The views and opinions which we present to the Committee are our own and not the policy positions of either AICS or its Accrediting Commission. Nonetheless, we hope that our views may be of utility to the Subcommittee with regard to institutional eligibility or participation in student financial aid programs.

PROBLEMS AND RESOLUTIONS

In our attempts to articulate some of the problems confronting the schools and the students and what can be done to resolve them we have concluded that the role played by accrediting agencies and accreditation has too often been overemphasized, miscast and misunderstood. Simplistically, accreditation is peer participation in a judgment measuring the quality of education by pre-established criteria. It should not be confused with the distinct responsibility of state licensure and regulation or warranteeing the accountability expectations of program administration disbursing federal or state funds.

ACCREDITATION IS ONLY AN ELEMENT OF ELIGIBILITY

In discussing such terms as "accreditation" and "eligibility", great precision should be observed. Often one hears that erroneous statement, "accreditation is one device currently used to determine eligibility." More precisely, accreditation is often a necessary element, but by itself is insufficient to establish "eligibility" for particular federal or state programs.

At the request of Dr. Harold Orlans who is under contract to USOE for a study of private accreditation and public eligibility we provided our analysis of the utilization of accreditation as an element of eligibility for federal programs. Attached as Exhibit No. 2 is a copy of that letter of July 23, 1974.

It is appropriate to review the statutory definitions of eligibility for purposes of USOE administered programs of student financial aid as contained in Sections 435(b)(2) or Section 435(c)(2) or Section 1201(a)(2) or Section 491(b). All define eligibility as a bundle of elements, *only one of which is accreditation.* Unfortunately, many people, in our opinion, tend to equate accreditation with eligibility. This, for example, ignores the essential and vital role and responsibility of state government as a concurrent, but independent element in that bundle all of which go together to make "eligibility."

State responsibility is quite specific and is certainly differentiated for an "eligible institution" under the Guaranteed Student Loan Program depending upon whether the school is an "institution of higher education" or a "vocational school."

Section 435(b)(2) requires that an "institution of higher education" to be an eligible institution:

> "is legally authorized within such State to
> provide a program of education beyond
> secondary education."

However in Section 435(c)(2) for "vocational schools", Congress was much more specific and elaborate in that a vocational school:

> "is legally authorized to provide, and provides
> within that State, a program of postsecondary
> vocational or technical education designed to
> fit individuals for useful employment in
> recognized occupations."

In other words, we think Congress. in enacting these various sections of the Higher Education Act defining "eligibility" or allied terms, made it abundantly clear that accreditation was only one of several elements. Whether or not in the administration of the law equal concern for the responsibility of the state has been observed, is, I suppose, a matter of judgment and observation. We wish to clearly establish our respect for the responsibilities of the states and to acknowledge the important role that has been played by imaginative and innovative administrators in some of the states. We wish such an attitude could be found in all fifty states, but such has not been the case.

USOE POSITION

The analysis of eligibility set out last July 17, 1974, by recently retired USOE Deputy Commissioner, Mr. Peter P. Muirhead, to the Special Studies Subcommittee of the Committee on Government Operations Committee appears to coincide with our view that eligibility is comprised of a "bundle of elements, only one of which is accreditation." He said:

> "Before any school or institution may become eligible to participate in education programs administered by the Office of Education, it must meet certain minimum statutory requirements such as those indicated on the attached chart. These statutory eligibility elements fall into three categories. The first of these categories relates to factual information such as type of school, length of programs, and legal authorization. The second category involves special requirements established by program administrators under broader provisions of law, through regulation specifying provisions which participating schools must

> meet (such as "maintenance of efforts requirements" for library aid programs). The third category deals with the qualitative aspects of schools - or educational programs - in other words, accreditation, or one of the alternatives to accredited status." (page 4)

Curiously, once having acknowledged the separate category of "legal authorization" as an element of eligibility, Mr. Muirhead then goes on at page 23 of this statement to call for:

> ". . . increased reliance on State agencies to provide added consumer protection in postsecondary education is a matter which deserves thorough exploration at this time. One salient advantage in using State agencies, when they are efficient and effective, is that they generally can provide closer surveillance and oversight, and can react more quickly, than can a regional or national organization or agency.

The question might be asked of the program administrators at USOE why only now is reliance on State agencies being explored when the language of Section 435(c) quoted above has been on the books since 1965? For nine years as an element of eligibility to the Guaranteed Student Loan Program - distinct from accreditation - there has been a statutory requirement of a determination that the institution have:

> "a program of postsecondary vocational or technical education designed to fit individuals for useful employment in recognized occupations."

THE MONDALE EXEMPTION

Just as some states have been reluctant to accept their respective responsibilities, so too the same can be said for some accrediting agencies. The denial of access to public area vocational schools to accreditation fully justified the exemption from accreditation achieved by an amendment to the Higher Education Act in 1972 by the Senator from Minnesota, Walter W. Mondale, which can be found in Section 438(b). Unfortunately, there is a great deal of confusion and misunderstanding about the Mondale exemption; what it does and what it does not do.

The Mondale exemption is just that; it exempts a certain class of schools from the requirement of being accredited because those schools had no access to accreditation. It does not, in our opinion, exempt any class of schools from the authority of the state government from which the institution pursuant to Section 435(b)(2) or 435(c)(2) or Section 1201(a)(2) which states that the institution "is legally authorized within such state to provide a program of education beyond secondary education." We presently think there is ample authority for the administrators of these programs of student financial aid to require as a condition of "eligibility" of an institution to have two concurrent but independent judgments; one from the states and one from the accrediting agencies. Lacking either, an institution does not satisfy the definition of eligibility.

However, if the administrators of the program feel that the statutory language cited gives them insufficient authority, then we most vigorously suggest that the solutions by which the authority of the state to oversee and supervise in their capacity to regulate and license educational institutions both proprietary and tax-exempt, should be enhanced, embellished and reinforced, by additional language to Sections 4355, 1201, and 491.

To further expand the Mondale exemption of 438(b) to include private vocational schools as well as public vocational schools would deny the USOE and the Congress the benefits of the system of dual, concurrent and independent judgments. Indeed it would repose entirely the decision for eligibility solely in the hands of the State Agencies.

It may be the judgment of this Subcommittee that accreditation itself should be eliminated as one of the elements of eligibility. We suggest that that is a separate issue from what we perceive to be the need for a continuation of the system of two separate, but concurrent, independent judgments.

NECESSITY FOR TWO CONCURRENT BUT INDEPENDENT JUDGMENTS

Although we have only limited access to information or statistical data concerning the problems in the administration of the Guaranteed Student Loan Program, we do suggest that a qualitative analysis on a state by state basis indicates the efficacy of having this dual judgment system. With regard to proprietary schools, where either element has been lacking, there have been more serious problems. We repeat, where *either* element (state authority or accreditation) has been lacking, there have been problems.

We believe that the USOE can confirm the following analysis with their data. For example, in New York and in California, proprietary institutions with a student population manifesting a high default ratio under the Guaranteed Student Loan Program, had a number of "eligible institutions" which, while licensed or regulated under well-administered state laws, were institutions that were excepted from the accreditation requirement, because at the time, the institutions allegedly had no access to an accrediting agency. Conversely, there have been a number of examples of institutions in such states as Texas, Louisiana, Mississippi, Georgia, and Alabama which although the institutions were accredited, there was no state law authorizing the institutions to offer the program of education. Here again were institutions having student bodies with extremely unfavorable default ratios under the Guaranteed Student Loan Program.

We suggest this supports our argument in favor of the necessity for state regulation as well as some other independent judgment. Currently, that judgment under the statutes has been by the accrediting agencies. There is of course the three letters of transfer Rule which is applicable only to public and tax-exempt colleges. It may be appropriate to establish some alternative to accreditation but if that is the decision of the Subcommittee, we urge that it clearly be that and no more. The system of two concurrent but independent judgements should be preserved.

ACCREDITATION AS IT IS PRESENTLY PRACTICED

My colleague Mr. Hart, Executive Secretary of the AICS Accrediting Commission stands ready to particular questions that members and staff of the Subcommittee may have with regard to our accreditation procedures. In summary, those procedures have been published and are available to the public, pursuant to the Criteria issued by the Commissioner of the USOE.

They have been periodically reviewed by the USOE and the Commissioner's Advisory Committee on Accreditation. We have been informed by the Commissioner that they are in conformity with the Criteria as they previously existed, and we look forward to having them measured by the newly established Criteria which were only recently published governing the recognition of Accrediting Agencies.

The Accrediting Commission for AICS was established in 1952. In 1956 it was designated by the Commissioner of the USOE as a "nationally recognized accrediting agency" pursuant to PL 82-550 in subsequent legislation. From its outset, the judgmental body, and by that I mean the commissioners themselves and not the staff, has included "public members."

One of the criticisms leveled against accreditation by critics is the allegation that such a body is self-serving and self-accrediting. Although the older and more established accrediting agencies are in the process of flirting with th idea of non-peer members of an accrediting commission, we have more than twenty years of successful experience with outsiders serving in an equal judgmental capacity. Another innovation of our Accrediting Commission is the adoption of a policy of proration of refunds when students withdraw from school. The minimum standards of the formula are explicitly set forth in this Supplement to the Criteria.

The problem of refund is often discussed as only one involving proprietary institutions. Actually, there are many non-proprietary colleges and universities that have very simple refund policies. Those policies are of "no refunds." While our policy may not be perfect, and our suggested minimum formula may be subject to disputation, at least we have adopted both a policy and a formula, which is more than can be said for the so-called "traditional" educational community.

Accreditation is a complex mosaic of continuing judgments and relationships. It is not a "hallmark" stamped upon an institution for all time. It is a privately administered system of privately adopted standards and procedures. There are well-intentioned persons who in their endeavor to achieve worthwhile purposes would preserve the form of accreditation while denying its substance and dynamism. Such an example is H.R. 11927 introduced by Representatives Bell and Pettis. This is a well motivated measure which in our opinion uses the wrong agency at the wrong point in time to find out things which either the state or federal government probably should rightly know if it is to continue to fund programs of student financial aid. Most of the very worthwhile suggestions that H.R. 11927 would insert into the criteria of an accrediting agency, more properly are a function of either state licensure of institutions or the federal program post-audit authority of 438(a). Our position is that if the Congress wishes to continue to utilize accreditation as one of the elements of eligibility, then let it remain accreditation. Of course refunds and advertising are already a part of our Criteria.

Implementation of program post-audit authority requires a candid recognition of the function of a particular program. We suggest that there is a general lack of candor in identifying the purposes of the several programs of student financial aid, which in our opinion, are not all identical in thrust or support. Title IV contains a number of programs generically styled as student aid. However, there are programs in which the institution is but an incident of the student's discretion such as the BOG or the GSL. On the other hand, there are programs such as the NDSL, CWS, and SEOG in which the student is but an incident of the institution's discretion to dispense its government subsidized largess. Further, there are programs of obscure intent such as the State Scholar Incentive Grants to all students to attend any institution meeting the definition of eligibility under Title IV of the Higher Education Act, offers the possibility that in one or more states they may be used in a particular state to preserve some sort of elitism or perpetuate little enclaves of privilege.

Then there are the Veterans Cost of Instruction Grants as well as the other institutional increments authorized by Title IV. Supposedly, these are payed by the Federal Government to the institution because of the institution's estimated increased cost of instruction by obligating itself to enroll certain classes of students who allegedly would cost more to educate than others. Certainly if these payments are justified they should be denominated for what they are and their cost effectiveness should be established on a post-audit basis. These should be payments under a contract.

The principle for such a post-audit system was established in 1972, when Congress amended the Guaranteed Student Loan Program to provide the USOE with authority pursuant to Section 438(a) to fiscally audit an institution, to establish standards of administrative capability, and to suspend, condition, or terminate the eligibility of an otherwise eligible institution. It is at this point in time, and through such a federal system in conjunction with utilization of state authority, that we feel the intentions of the Bell-Pettis legislation are best implemented.

LOSS OF ELIGIBLITY

Theoretically, the instance that any element of eligibility, be it state authority or private accreditation, ceases to obtain, eligibility should terminate. Additionally, though unimplemented, Congress gave to the Commissioner of the USOE at its request in 1972 the authority to condition, suspend or terminate the eligibility of an otherwise eligible institution. This authority is found in Section 438(a) of Title IV. Hopefully, the regulations implementing this two year old authority will be issued soon. As a legislative recommendation, we would hope that this authority would be expanded to include at least all programs of student financial aid, and not limited merely to that of the Guaranteed Student Loan Program.

Quite reasonably one might ask, if eligibility contains at least two concurrent but independent judgments, one from the state and one generally from the private accrediting agency; if both judgmental bodies are doing their job effectively and responsibly, what need be there for this post-audit authority reposed in the USOE to condition, suspend, or terminate the eligibility of an otherwise eligible institution? The answer lies in the fact that neither the state nor the private accrediting agency is the disbursing agent or the administrator of any of the programs of student financial aid under Title IV. Only the USOE has available to it the facts concerning a particular program, whether that program be GSL, BOG, SEOG, CWS, or NDSL. We do not administer the program, and we can only rely upon facts as disclosed to us by the USOE.

For example, during 1973, particularly, there were a number of news stories which attributed just about all of the problems under the Guaranteed Student Loan Program to defaults by students enrolled in proprietary schools. Since we do not administer the program we have no evidence as to the source of these stories or the authority for such disclosure. Happily, since approximately the first of the year, statistical information has been made available to the public by the Division of Insured Loans of the USOE with regard to defaults under the Guaranteed Student Loan Program. The facts are rather interesting. They have also destroyed some assumptions of those who would criticize education in proprietary institutions.

For example, many people confuse the Federally Insured Student Loan Program (FISL) with the Guaranteed Student Loan Program (GSL). As we know, FISL is but one increment of GSL, the other increment is that which is administered by the State Guarantee Agencies.

As of June, 1974, statistics released by the USOE Office of Guaranteed Student Loans reveal that the GSL default situation as between the state guarantee increment and the FISL increment are roughly comparable. While the total *number* of FISL loans is higher (53.7%) the total dollar volume in the state guarantee increment is higher (53.5%).

That statistical data, peculiarly within the knowledge of the USOE, must be read with testimony given before this Subcommittee last year by Dr. Donald Payton, then President of the National Council of State Loan Guarantee Agencies. Dr. Payton testified on July 26, 1973 before the House Special Subcommittee on Education at page 100 that only between 5 and 8% of the funds administered by the State Guarantee Agencies go to students in vocational schools. If the funds do not go to students in vocational schools, then obviously they are going to students in the traditional public and private collegiate institutions. One need not belabor the obvious, or quantitate the unnecessary, to conclude on the basis of these two sets of facts, that not all of the problems of defaults under the Guaranteed Student Loan Program can be attributed to students enrolled in proprietary schools or the decisions of either state regulatory agencies or the private accrediting agencies. These are facts *peculiarly reposed in the program administrators at the USOE* and are appropriate for action by the USOE pursuant to the authority given to the USOE more than two years ago pursuant to Section 438(a). We hope that before too long, the regulations implementing this authority will be announced. We do not seek to abdicate our responsibilities, but rather we seek the necessary support to contribute to the success of the administration of the program.

ACCREDITATION WITHDRAWAL BY AICS

The critics of accrediting agencies often equate due process with undue delay. We suggest that the activities of AICS in the 26 months since the passage of the Education Amendments of 1972, illustrate that an accrediting agency when provided with definitive data by the USOE, justifying concerns about the utilization by students of the GSLP at any particular institution, can act responsibly and with alacrity.

Such responsiveness at the behest of program administrators at the USOE to deal with withdrawal of accreditation because of situations related directly to the financial stability of the institution and the administration of the Guaranteed Student Loan Program also illustrates what can happen when an accrediting agency departs from its statutory role of quality determination. Apparently staff people in the USOE are sensitive to this problem because in the USOE statement of July 17, 1974, it is noted at page 14 that:

"Accreditation has been written into Federal legislation as a quality control device in order to help ensure the Government's investment in postsecondary education, and, even more importantly, as a means of aiding students and others in identifying institutions and programs deemed to be educationally worthy. We must constantly bear in mind, however, that the accrediting agencies are private, independent, voluntary agencies having discrete, albeit laudable, purposes which do not always coincide neatly with the objectives inherent in Federal aid to education.

Accrediting agencies are committed philosophically to stimulation of institutional or programmatic uplift through a traditional pattern of expert peer review. They do not view themselves, nor do they function as regulatory bodies. They have no legal authority to require compliance;

they work instead by persuasion to maintain understanding and acceptance of their role and function by their constituents and the general public. All accrediting agencies are limited in funds and staffing, and rely heavily on volunteer labor from member organizations. All are now deeply aware of, and some have already experienced, a marked vulnerability to litigation, which they are ill-prepared to engage in successfully."

During the period marked by the enactment of the Education Amendments of 1972 in June of that year through September of 1973, accreditation was withdrawn from twenty-one institutions by AICS. These were final decisions, with all rights of appeal having been made fully available and publication of the action, including communication to the USOE and concerned state officials. In all but a few schools, these withdrawal actions were related directly to the financial stability of the institution, and the administration of the Guaranteed Student Loan Program. Accreditation has been withdrawn for cause from an additional 19 schools since September of 1973, or a total of 40 in the past two years.

This does not include a number of other institutions which during the same period were issued as *show cause* letters resulting in hearings about that institution's financial stability and its administration of the Guaranteed Student Loan Program. In some cases, initial orders of suspension or revocation were issued, but subsequently vacated, either on appeal or upon showing substantial remediation of the previous situation. In most cases, this has resulted in substantial amounts of refunds of tuition, to either students or lending institutions which has substantially reduced the amount of delinquency or default claims subject to the Federal Insurance of the program.

To accomplish these decisive actions, expeditiously but with full observance of "due process", we found it necessary to amend the Bylaws of the Corporation, provide for the establishment of a Review Board, amend the Criteria of the Accrediting Commission, send teams of field auditors to visit the institutions, hold formal hearings before the full commission with an opportunity for the institution to appear, establish a review board, appoint members to serve on it, and to hold timely hearings for the appeals. All of this was accomplished in approximately fifteen months, and approximately concurrent with the USOE authority to limit, suspend or terminate the eligibility of an otherwise eligible institution pursuant to Section 438(a) which remains unimplemented.

It all began in 1971 and 1972 when program administrators in the USOE brought to our attention statistical data about student dropouts and defaults in the guaranteed student loan program. We were quite confident of having done a good job at the request of and in behalf of the USOE program administrators.

In response to your request, Mr. Chairman, we reported on our work in a letter dated September 20, 1973. I attach a copy of that letter as Exhibit No. 3. At that time we stated optimistically that for those schools from which accreditation was withdrawn, there was no court action brought against us by reason of any claim of lack of due process with the procedures which we instituted and under which the withdrawals were accomplished.

Our optimism was premature. Our well intentioned response to the requests of USOE program administrators to act decisively has resulted in millions of dollars in damage claims!

CURRENT LITIGATION

As a result of the refusal of AICS to continue the accreditation of five institutions which underwent a change of ownership control in 1973, we have now been subjected to a Temporary Restraining Order by the U.S. District Court in San Antonio, Texas, vacating our judgment of suspension, and reinstating the accreditation of the five institutions. We are also defendants in a damage claim for four and a half million dollars. By reason of the TRO reinstating the accreditation of the five institutions, the USOE program administrators have reinstated the eligibility of the institutions. The present status of the suit is that trial on the preliminary injunction has been delayed by stipulation of the parties, and the plaintiff schools have agreed to file the requisite financial statements whereby the Accrediting Commission may have a basis for expressing a judgment on the financial stability of the institutions and the degree to which payment of tuition refunds due students have been made.

The defense of this lawsuit has cost our Accrediting Commission thousands of dollars in legal fees, with no expectation of a reimbursement from a private foundation, the USOE or the Congress. Nonetheless, it is our intention to vigorously defend this suit, and to attempt to maintain our published Criteria which have had the approval of the USOE. We do look forward to the day that the USOE will have published regulations implementing its authority to limit, suspend or terminate institutional eligibility dehors withdrawal of accreditation. The USOE should do directly what it is now doing indirectly through our accrediting agency and at our expense.

In a second law suit in South Carolina, AICS has been sued in a student class action for a million dollars in damages for failing to withdraw accreditation timely. Ironically, and concurrently, AICS is also threatened with litigation and damage claims on behalf of "approximately 200 enrollees with Hispanic surnames" if we do publish a final decision to withdraw the accreditation of a certain institution. For clarity of the record of these hearings, let it be shown that the school describes itself as a nonprofit institution.

Thus AICS is:

-Sued for having acted!
-Sued for not having acted!
-Threatened with suit if we act!

WHERE DOES THE BUCK STOP

The determination of eligibility, whether it includes the element of accreditation or some other "council of wise men" requires courage to make decisions and the will to defend those decisions publicly, be it in the courts, in the political arena, or in the news media. Obviously, a private accrediting agency, with limited resources, cannot defend a series of lawsuits without courting bankruptcy. Similarly, however emotionally tinged the efforts of the institution may be, there are times when hard decisions must be made denying accreditation, if accreditation is to be a viable element of eligibility.

The critics of the accrediting agencies claim that the agencies' insistence upon due process necessarily involves "undue delay." It requires more than a modicum of self-discipline to endure the innuendos of the investigative media who somehow feel privileged to have detailed knowledge of the confidential internal procedures which we understand to be an inherent part of due process. However, it is interesting to note that in two situations the media refused to underwrite our possible legal liability in return for public disclosure of our internal procedures which could lead to withdrawal of accreditation.

The cry that the public has a right to know is not unique to accreditation. From international diplomacy, to rule-making by the federal regulatory agencies, the reformers have, from time to time, demanded "open decisions openly arrived at." Such has even been suggested, and sometimes attempted by the committees of the Congress. We do not have the fiscal resources to pioneer jurisprudence in this area.

However, if the Committee feels there is a statutory solution which can conserve the rights of the institution, protect the accrediting agency from legal liability, and yet provide information to the public at some stage earlier in the proceedings than that of a "final decision", we would welcome such legislation. We do not have the resources to establish it by a litigation.

ALTERNATIVES TO ACCREDITATION OR ADDITIONAL CRITERIA WITH RESPECT TO ELIGIBILITY

Whether or not accreditation should remain as one of the elements of eligibility is a political decision beyond our capability. We do suggest that at all costs the Committee retain a tri-partite system of at least two concurrent, but independent judgments to establish eligibility with a *post-audit*, watch-dog authority, reposed in a third body to condition, suspend or terminate the eligibility of an otherwise eligible institution if it is not measuring up to the purposes of these particular programs for which it has been made eligible. We would urge both the implementation of the present authority of the USOE to "de-eligibilize" institutions pursuant to Section 438(a) and expand such authority to embrace at least all programs of student financial aid.

With regard to the necessary element of state authority to an institution to offer a program of education, we suggest that the present language is sufficiently explicit. If further encouragement is necessary to the states to assume their respective responsibilities with regard to the regulation and licensure of all educational institutions, we suggest that it best be accomplished by enhancing and embellishing the language of Section 435(b)(2); Section 435(c)(2); or Section 1201(a)(2). The language of 438(b) is an exemption rather than an authorization.

With all due respect to the sincerity and the dedication of the authors of the second Newman Report, "National Policy and Higher Education," we suggest they too misunderstand that accreditation is only one of the elements of eligibility, rather than the determinant of eligibility (see page 63 and recommendation number 7 at page 108.) At the risk of being too charitable, we suggest that the proposal for a "national procedure for determining eligibility based primarily on an institutional disclosure statement" begs the question. The determination of eligibility and its withdrawal, necessitates definitive judgments which do in fact discriminate. The important thing is that the discrimination be solidly founded and not capricious. The vague standard suggested by the well-intentioned authors of the second Newman Report at page 108 ignore the fact that some group of people must make definitive decisions defensible to third parties under our system.

We look forward with interest, to the proposal which we understand will be suggested in Dr. Harold Orlans' final report on "Private Accreditation and Public Eligibility." Although we have seen an advance draft of this report, we are under a stricture not to quote or discuss its content publicly.

We wish to restate our understanding and our position that accreditation is only one of a number of elements of eligibility. Possibly perhaps, within that element of eligibility, the Committee may come up with some alternative such as the three letters of transfer system which is presently utilized as an alternative to accreditation for colleges and universities. Such a proposal in no way diminishes the responsibility of the states to license or regulate or authorize institutions to offer programs of education.

PARTIAL SOLUTION

While AICS has the will to defend the litigation, actual and threatened, it does not have, as the USOE staff people have perceptively noted, the resources to finance an endless series of lawsuits. If the Committee remains convinced that as an element of eligibility the "qualitative aspects of schools" should remain in the legislation it might wish to create some other body with governmental immunity, perhaps the USOE with a sort of supra-equity power.

Such a body would provide a forum for additional appeal for an institution or a group of students claiming unfair denial of access to accreditation, or the wrongful or premature withdrawal of accreditation. By such means the element of accreditation could still be used but a partial buffer from litigation would be available to the accrediting agency through an external decision in lieu of the accreditation which has either been denied or withdrawn.

This would not be an alternative to eligibility. It would merely be available only after the institution either has been denied accreditation of has been stripped of it.

The proposal does not solve the problem of protecting an agency from damage claims based on a failure to withdraw accreditation timely. But whether or not accreditation remains as an element of eligibility does not diminish the possibility of such claims.

CONCLUSION

While there is a super abundance of the critics of accreditation as an element of eligibility, we suggest there would be a paucity of volunteers to serve on this equity supra-body who would be ready to stand in judgment and personally be responsible for the decisions with regard to institutions which have either been denied accreditation or have been stripped of accreditation. Nonetheless, such a proposal to an appreciable degree, could relieve accrediting commissions of threats of personal liability and the accrediting agencies of serious legal expenses. It might, but we doubt it, open the door to innovation so dear to the hearts of accreditation's critics.

Whatever alternative may be suggested, we reiterate our suggestion that the Committee maintain the tripartite system of two independent and concurrent judgments leading to eligibility with the post-audit authority of de-eligibilizing when it is evident that an institution lacks the capacity to perform its stated mission within the terms of the particular federal program.

No matter how sophisticated new assessment techniques may be, at the bottom line there still remains the fact that some group of persons must make decisions which will contribute to the denial of, the granting of, or the withdrawal of institutional eligibility. We suggest that no one group of people or particular individuals is especially endowed with the capability of always making the correct decision. That is why we have a Review Board. We do suggest that the present statutes contemplate a synergistic result in reliance upon state authority, accrediting agencies and the USOE's post audit authority.

If accreditation is to be retained as an element of eligibility, the agencies need protection from litigation.

If the authority of the states has been unrecognized in the administration of the law then, if necessary, enhance, embellish and strengthen it.

If the responsibility of the USOE program administrators to limit, suspend, or terminate eligibility remains in abeyance after more than two years let it be implemented immediately.

We urge that it is inadvisable to establish any single system of controls, be it federal, state or privately administered. We hope that this Subcommittee will not lose sight of the fact that careful consideration is required in defining the appropriate federal role, and the extent of direct government intervention that is permissible and compatible with our traditionally independent, diverse, pluralistic, and autonomous educational system. Whether it be accreditation or some other "national procedure for determining eligibility" which may use "new assessment techniques," we suggest that decision still must be made by fallible men. In substituting one aggregation of fallible men for another, we are reminded of the observation by Milton writing "On the New Forcers of Conscience:"

> "The new presbyter is but an old priest writ large."

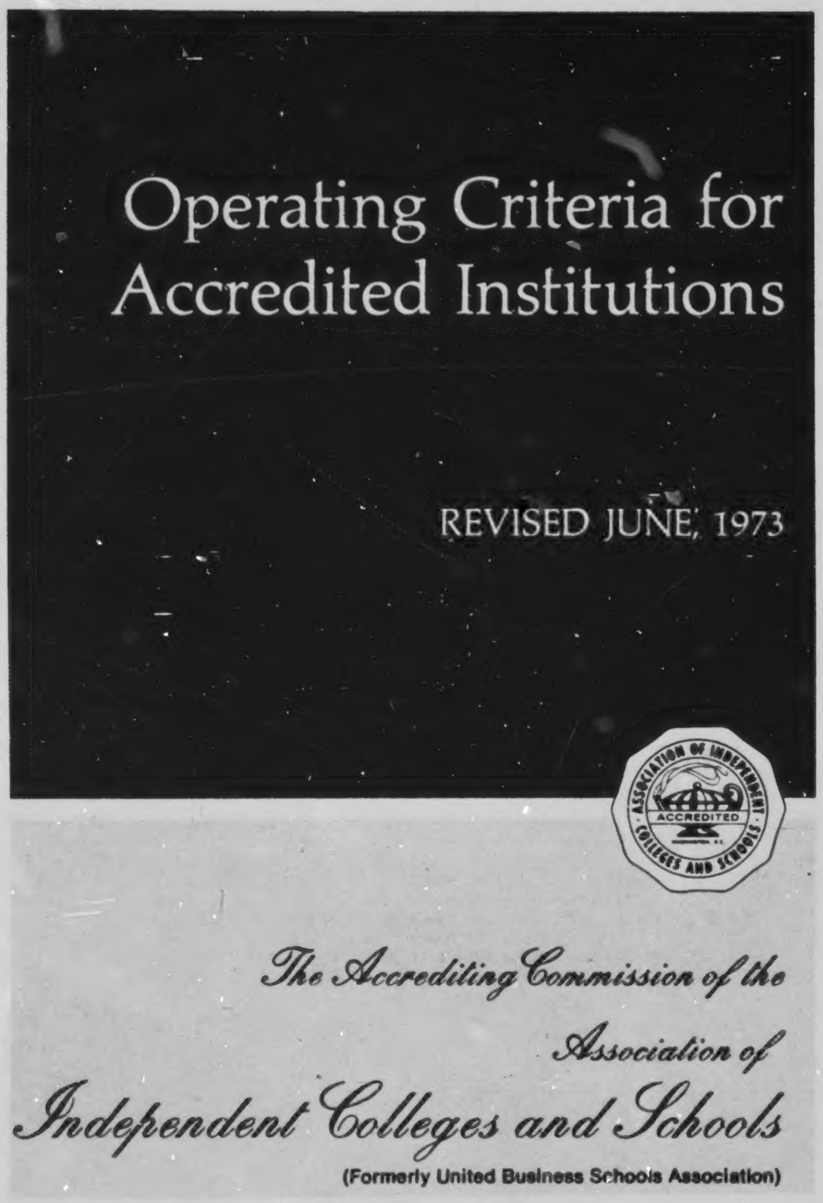
Respectfully submitted,

Richard A. Fulton
Dana R. Hart

1730 M Street, N.W.
Washington, D.C. 20036
(202) 659-2460

EXHIBITS

1 A -- Text of FTC proposed TRR
1 B -- AICS Bulletin No. 74-9
1 C -- Text of FTC Chairman Louis Engman's speech to the 1974 ABA Convention
2. -- Fulton to Otlans letter of July 23, 1973
3. -- Fulton to Senator Pell letter of September 20, 1973



Operating Criteria for Accredited Institutions

REVISED JUNE, 1973

The Accrediting Commission of the Association of Independent Colleges and Schools

(Formerly United Business Schools Association)

Operating Criteria for Accredited Institutions

The Accrediting Commission of the

ASSOCIATION OF INDEPENDENT COLLEGES AND SCHOOLS

Suite 401
1730 M Street, N.W.
Washington, D. C. 20036
Telephone (202) 659-2460

Dana R. Hart, *Executive Secretary*
Accrediting Commission

Richard A. Fulton, *Executive Director and General Counsel*
Association of Independent Colleges and Schools

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Chapter 1 THE ORGANIZATION AND FUNCTION OF THE ACCREDITING COMMISSION

1-1-100—*Function.* The Accrediting Commission is a duly constituted accrediting agency, sponsored by the Association of Independent Colleges and Schools, a national association of independent business schools. The Accrediting Commission has complete autonomy with respect to, and is limited to the sole function, where warranted, of accrediting institutions predominantly organized to train students for business careers.

Since 1956, The Accrediting Commission of the Association of Independent Colleges and Schools has been officially recognized by the U.S. Commissioner of Education as the only national accrediting agency for such post-secondary and collegiate special purpose institutions. Chapter 36, Title 38, U.S. Code, and subsequent legislation direct the United States Office of Education to develop criteria for, and to maintain a list of, such recognized accrediting agencies.

The Commission is charged with the responsibility of extending its services to institutions in the United States. Where appropriate, the Commission may also extend its services to institutions in Canada and Latin America. The Commission meets thrice annually or more often, if necessary, to conduct official business.

1-1-101—*Organization.* There shall be three Councils and three standing Committees of the Accrediting Commission; namely, a Council on Schools, a Council on Colleges, a Council on Research and Service, an Executive Committee, a Financial Review Committee, and a Criteria Review Committee. The Executive Committee of the Commission consists of the Chairman of the Commission, the Chairman of the Council on Schools, the Chairman of the Council on Colleges, the Chairman of the Council on Research and Service and the immediate past Chairman of the Commission.

The Council on Schools is charged with the responsibility of reviewing noncollegiate post-high school institutions predominantly organized for vocational training of students for career patterns in business. The Council on Colleges is charged with the responsibility of reviewing collegiate institutions predominantly organized for vocational training of students for career patterns in business. The Council on Research and Service is charged with planning and carrying forward proposals which will assist the Commission in the general improvement of the accrediting function.

Each Council considers its two principal concerns in accreditation to be the improvement of educational quality of the institutions and service to the public.

1-1-102—*Authority.* The exercise of authority granted to and the performance of all functions of the Executive Committee and the Councils on Schools and Colleges, as provided for in these Criteria, shall at all times be subject to review and approval by the full Board of Commissioners of The Accrediting Commission of AICS, pursuant to the Bylaws of the Association.

The Accrediting Commission develops criteria for sound and responsible education for business, arranges evaluation in the light of these criteria by a team of qualified evaluators, and, after full evaluation, decides whether or not to accredit the applicant institution.

1-1-103—*Responsibility.* Accreditation is an independent, authentic appraisal of an institution; in fact, the professional stature and integrity of an institution is judged by its accreditation. The Accrediting Commission of AICS provides a reliable measure of excellence based on educational competence, thus fulfilling a responsibility to guidance counselors, parents, prospective students, and the American public.

Accreditation is valuable to educational agencies and authorities in professional appraisal and identification of educational institutions; to employers as an indication of the strength and reliability of the instruction which potential employees have received; and especially, to the independent schools themselves in the maintenance of continued high standards of excellence in business training programs.

1-1-104—*Visitation Teams.* Visitation teams inspect each applicant for accreditation. Serving as evaluators are college and university presidents, deans, department heads, professors from related fields of education, business executives and professional men, as well as personnel from state departments of education and other inspection and approval bodies. Included on visitation teams are representatives from institutions accredited by The Accrediting Commission.

The function of the visitation team is to verify the previously submitted self-evaluation and to report the facts revealed by personal, on-site inspection in an effort to determine how well the institution fulfills its stated objectives as set forth in its own self-evaluation reports. Action by the Commission to accredit, not to accredit, or renew accreditation is determined by complete study of the self-evaluation report prepared by the applicant institution, by the report of the visitation team, and by the response of the institution to that report.

Chapter 2 BASES OF ELIGIBILITY FOR EVALUATION AND ACCREDITATION OF ALL TYPES OF INSTITUTIONS

1-2-100—*Eligibility Requirements.* To be eligible for consideration for accreditation, an institution must satisfy the following requirements: *

(a) The institution or department shall be predominantly organized to train students for business careers.

(b) The institution or department ordinarily should have in operation at least one residence program of instruction of not less than one academic year in length with graduates from such programs.

(c) The educational program shall be on the post-secondary or collegiate level.

(d) Education shall be the principal activity of the institution.

(e) The principal program of the institution shall be a residence program.

(f) The institution shall have been established for a period of at least two years.

(g) A separate department or division having additional or different objectives may be accredited by the Commission upon proper application and evaluation, provided that (except for the difference in objectives and the implementation thereof) the entire department is accreditable within the framework and spirit of the Criteria of the Commission, and the institution is predominantly organized for the purpose of training for business careers.

(h) An institution operated as a unit in an organization consisting of two or more schools or colleges shall maintain a separate teaching staff and class schedule.

(i) The institution shall be legally organized and authorized to conduct its program under the laws of its own state and community. Where state laws are silent, the institution shall conform to accepted organization and practices for comparable institutions in the general geographic area.

(j) The inspection and evaluation of the institution must be specifically authorized by the chief executive officer of the institution.

(k) The enrollment in the institution must be sufficient to support regularly scheduled and conducted class and laboratory work and to insure reasonable standards of instruction.

Chapter 3 GENERAL CLASSIFICATION OF SCHOOLS AND COLLEGES

1-3-100—*General Classification.* Studies of post-secondary institutions predominantly organized for training for business careers indicate two widely used types of curriculum organization. These two philosophies underlie programs of business schools on the one hand and colleges on the other. When an institution represents a mixture of the two patterns, the Commission classifies the institution in the category which, in its judgment, best describes the institution.

The Commission classifies accredited institutions as Business Schools, Junior Colleges of Business, and Senior Colleges of Business.

1-3-101—*Business Schools.*

(a) A business school may be a specialized institution which may state objectives in terms of vocational competence, set skill goals for completion of courses, and emphasize placement as the educational objectives. Curricula are relatively short and intensive leading to one or a number of closely related occupational objectives. For example, a secretarial school might offer programs of training leading to positions as a clerk-typist, receptionist, secretary, stenographer, or typist. A data processing school might offer training leading to positions such as card punch operator, programmer, or unit record operator. Graduation is achieved when a measureable skill level is achieved. The programs of such institutions usually do not exceed one academic year in length.

(b) A business school may also be multi-pupose and offer a variety of training in several fields, with training objectives which are primarily vocational in nature. Such an institution will usually offer several curricula in the business field, such as a secretarial training program, an accounting program, a business administration program, and often a program in data processing. Semester, quarter, or term operation may be utilized with grades and hours of credit to determine completion of all except strictly skill subjects

(c) A business school may also offer college-level instruction measured on a credit hour basis with one or more programs of at least two school years in length which require an average student to spend 72 weeks of concentrated effort in full-time attendance for its completion. At least half of the subjects in the second year courses are of advanced difficulty predicated upon specific first year prerequisites. Only moderate emphasis is placed on general educational development. The objectives of the program may be vocational competence and/or the transfer of credits, or qualification for state-conferred or state-authorized designations or license upon examination.

1-3-102—*Colleges.*

(a) Junior Colleges of Business

A junior college of business is a two-year college devoted predominantly or substantially to education for business at the college level. In either case, its principal educational objective shall be to provide specialized instruction within a business curriculum sufficient to insure adequate preparation for an appropriate, semiprofessional business career.

(b) Senior Colleges of Business

A senior college of business is a four-year collegiate institution devoted predominantly or substantially to professional business administration education at the college level. A separately administered four-year department or division or an upper division college offering programs at the junior and senior levels (within specialized institutions also having other objectives) would be included in this definition. Only the business department of institutions having more than one college is recognized for accreditation.

Chapter 4 DEFINITIONS, INTERPRETATIONS, AND GUIDELINES

1-4-100—*Publications.* The Commission publishes reports of its operations, an official *Directory of Accredited Institutions,* and the Criteria upon which accreditation is based. The Commission also publishes statements of policy and guidelines that provide more detailed information, including a checklist to aid the institution and the visitation team in the evaluation of a department or of an institution. These documents are furnished to institutions which are or which may be seeking accreditation and are available on request to the general public.

1-4-101—*Application Guidelines.* An institution's application for accreditation shall be supported by documentation of its policies, practices, educational effectiveness, and financial stability which are carefully evaluated by the Commission from the point of view of the classification requested. If accreditation is granted, note of this fact of accreditation may then be made by the institution in its catalog, advertising, and other publications, subject to limitations on such usage set forth in the publication on ethical criteria.

1-4-102—*Branch Facility.*

(a) A branch facility or campus of an accredited institution is within the scope of the accreditation of the parent institution provided that:

(1) The branch has been established to meet a specific need or condition.

(2) The two locations constitute one educational institution except for geographic location.

(3) The branch is recognized as such by the Veterans Administration, state approval agencies, or other appropriate authority, if applicable.

(4) That application is made to and approved by the Commission for Branch Campus Status.

(5) If the institution does not meet the above Criteria, it is, in fact, one of a chain of schools and should be separately accredited.

(b) Branch operations shall be listed as such in the Directory of Accredited Institutions published by the Commission.

(1) A report of operations of a branch campus shall be included in and made a part of the Annual Report of the parent institution.

(2) A branch campus will be subject to visitation and evaluation as a part of any inspection or reinspection of the parent institution by the Commission, or a special inspection of the branch facility only, and the additional costs of such evaluation shall be paid by the institution.

Chapter 5 FEE SCHEDULE

1-5-100. Application fee (nonrefundable and good for one year only). All Institutions .... $ 50.00

1-5-101. Basic inspection or reinspection fee (must be paid in advance of inspection).

(a) Business Schools (requires a team of at least two evaluators spending one day) $300.00

(b) Junior Colleges of business (requires a team of at least three evaluators spending two days) $575.00

(c) Senior Colleges of Business (requires a team of at least four evaluators spending three days) $925.00

(d) Accredited Institutions with Branch Facilities (for each branch campus inspected) $150.00

1-5-102. Expenses of inspection team—School will be invoiced separately for expenses of inspection team members.

1-5-103. Fee Schedule for All Schools:

Gross Tuition Receipts	Annual Fee
Less than $ 50,000	$ 225
$ 50,000 but less than 100,000	450
100,000 but less than 150,000	625
150,000 but less than 200,000	800
200,000 but less than 300,000	850
300,000 but less than 400,000	900
400,000 but less than 500,000	950
500,000 but less than 600,000	1,000
600,000 but less than 700,000	1,050
700,000 but less than 800,000	1,100
800,000 but less than 900,000	1,150
900,000 but less than 1,000,000	1,200
Over 1,000,000	add $100 for each additional $500,000 in gross tuition receipts

Fees are payable September 1 and become delinquent October 15. For newly accredited institutions fees are computed on a quarterly pro rata basis.

TITLE II

Statement of Procedures

Chapter 1 The Accrediting Process

Chapter 2 Initial Applications

Chapter 3 Substantial Institutional Changes

Chapter 4 Application for Reaccreditation

Chapter 5 Negative Actions
  Accreditation Withheld
  Admonition, Probation, Censure
  Accreditation Withdrawn

Chapter 6 Review Board of Appeals

Chapter 7 Publication of Decisions

PREAMBLE

The essence of the philosophy which undergirds the criteria, policies, and procedures of the Accrediting Commission is an unyielding commitment to a high standard of professional responsibility and a stringent code of ethics. The Commission views accreditation as an ongoing process through which peer institutions exemplify a voluntary commitment to actions which are perceived to be in the best interests of society, students, and other institutions. Accreditation should transcend the static relationships between the regulator and the regulated. It is a professional and ethical relationship which surpasses a procrustean concern with the mere letter of the law. It seeks not conformity with minimum requirements but a striving for excellence.

Only institutions which are willing to enter into this sort of relationship with the Commission and its constituent institutions should seek accreditation. The Commission holds responsible each institution it has accredited for being knowledgeable about, and complying with, both the letter and the spirit of its criteria and policies and procedures. Noncompliance with either the letter or the spirit are viewed gravely by the Commission.

The Commission recognizes that from time to time there will be institutions that will not meet its standards. In such cases, the interests of society, students, and constituent institutions make it incumbent that appropriate measures be taken. In taking such action, the Commission acknowledges that its role is necessarily adjudicatory in that complete and accurate information must be developed on which to base its findings and conclusions, that the institutions involved in such actions should be afforded an opportunity to be heard on the issues, and that decisions must be made and enforced. The Commission will seek to follow procedures that will be expeditious and efficacious while assuring fundamental fairness to the affected institutions and individuals.

The Commission is mindful of its obligation to protect the public and its various constituencies. To maintain the integrity of its accrediting function, while safeguarding the rights of applicants and member institutions, the Commission has adopted procedures set forth on the following pages.

Chapter 1 THE ACCREDITING PROCESS

2-1-101. The Commission publishes reports of its operations, an official *Directory of Accredited Institutions,* and the Criteria upon which accreditation is based. The Commission also publishes statements of policy and guidelines that provide more detailed information, including a checklist to aid the institution and the visitation team in the evaluation of a department or of an institution.

These documents are furnished to institutions which are, or which may be, seeking accreditation and are available on request to interested persons and institutions.

2-1-102. An institution's application for accreditation shall be supported by documentation of its policies, practices, educational effectiveness, and financial stability which are carefully evaluated by the Commission from the point of view of the classification requested. If accreditation is granted, note of this fact of accreditation may then be made by the institution in its catalog, advertising, and other publications, subject to limitations on such usage set forth in the publication on ethical criteria.

2-1-103. The Commission may require reinspection or written data concerning the institution and its program at any time.

Chapter 2 INITIAL APPLICATIONS

2-2-100. An educational institution seeking accreditation either initially or for a different classification shall proceed as follows:

2-2-101. The institution is encouraged to communicate with the Executive Secretary of the Commission to become thoroughly informed concerning the accreditation process. An outline of the sequence of events in the accrediting process, along with a schedule of anticipated dates of Commission meetings, is available on request.

2-2-102. In a letter to the Executive Secretary of the Commission, the institution may request a preliminary review to determine whether or not it is ready to apply for accreditation.

2-2-103. The institution shall submit, on forms supplied by the Commission, a formal application for accreditation in the desired category. The points covered in the Statement of Policies, Chapter 2, "Bases of Eligibility" shall be certified by a responsible official of the institution and submitted with supporting documents and the nonrefundable application fee.

2-2-104. If examination of the formal application and the supporting documents indicates that the applicant institution is ready for detailed evaluation, the Commission will mail to the institution a self-evaluation questionnaire to be completed and returned. This evidence of self-evaluation is highly important.

2-2-105. A personal, on-site evaluation is made by a visitation team appointed by the Commission. The executed application and self-evaluation forms will be supplied to the visitation team for study prior to the on-site inspection, and for comparison and verification during the inspection.

Visitation teams are constituted as follows:

(a) Business Schools: At least one representative of the institutions accredited by the Commission and at least one member from outside the accredited group.

(b) Junior Colleges of Business: At least two representatives of institutions accredited by the Commission and at least one educator from outside the accredited group.

(c) Senior Colleges of Business: At least two representatives of institutions accredited by the Commission and at least two educators from outside the accredited group.

(d) Additional team members may be assigned from any category for the evaluation of any type of institution and its programs at the discretion of the Commission. The size of the institution, as well as other factors including the specialized volume of its program offerings, will be considered in selecting the number of team members. The expenses of the visitation team shall be borne by the applicant institution.

2-2-106. During the course of the visit, provisions shall be made for adequate consultation between the team of visitors and the faculty, the administrative staff, and the students. The visitation team prepares a written report covering each item investigated and other information it believes pertinent to accurate evaluation of the particular institution. Its written report is sent to the Commission. A preliminary review of the report will be made by the Executive Secretary of the Commission who may call for such other information as is necessary.

2-2-107. As a result of the accreditation visit, a written report is made to the chief executive officer of the institution with comments on the institution's areas of strengths and areas of weaknesses. The chief executive officer of the institution is invited to comment on the report and to file supplemental materials pertinent to the facts and conclusions in the written report. The report shall then be assigned to a recommendation team appointed by the Chairman of the Commission. Following this, the report and all supplemental materials are considered by the appropriate Council and the full Commission.

2-2-108. The appropriate Council of the Commission shall consider the completed evaluation study, including the report of the review team, and any comments that may have been made by the chief executive officer of the institution. It will then make recommendations for consideration by the full Commission. This may involve the granting of accreditation with or without conditions precedent or stipulations or the withholding of accreditation either by deferral or denial.

2-2-109. The full Commission will reach its decision drawing upon the entire file. Only the full Commission has the authority to grant or withhold accreditation and to establish conditions precedent or to define stipulations. Institutions which are judged worthy of accreditation and which are current in fees and inspection expenses due will receive a notice and a Certificate of Accreditation.

2-2-110. When deficiencies have been called to the attention of an institution, it is the institution's responsibility to present evidence to the Commission of their correction. A letter of intent will not be accepted as such evidence. In the case of minor deficiencies, upon receipt of evidence that such deficiencies have been remedied, the Executive Secretary may notify the institution of its accreditation without further action by the Commission.

2-2-111. If accreditation is withheld, the Commission will give written reasons for either the deferral or the denial of the applicant. A deferral is an interlocutory decision which is intended to provide further guidance to the applicant whereby deficiencies might be cured to justify further recommendation of the application for accreditation. Ordinarily, the remedy for deferral lies not in the appeal but in evidence of accomplishment.

2-2-112. When accreditation is denied, an applicant will be given the opportunity to present its case in a fair and impartial hearing before the full Commission. See Chapter 5—Negative Actions.

2-2-113. Each accredited institution will file with the Commission, on regular report forms provided by the Commission, an annual report of its operations for the preceding academic or calendar year. The report shall consist of two parts: (1) academic, and (2) financial. The report shall be accurate, signed by the chief executive officer of the institution, and submitted at a time and in the manner prescribed by the Commission.

Chapter 3 SUBSTANTIAL INSTITUTIONAL CHANGES

2-3-101—*Institutional Administration.* Because the factors considered in granting accreditation include facilities, faculty, financial stability, management, ownership, and program, the Commission shall be notified immediately by the institution of any substantial or significant changes which occur in these or other material factors affecting the administration, governance, or control of the institution.

2-3-102—*Educational Programs.* In like manner, the Commission is concerned with all education programs offered by the institution because accreditation is institutional in nature. The Commission will accept for evaluation specialized courses offered in schools it has already institutionally accredited.

Institutions are required to file with the Commission complete information about new courses or programs within ninety (90) days of the first offering. To the degree it deems necessary, which may include an evaluation by a qualified representative of the Commission, the Commission may accept such programs as within the scope of the institutional accreditation.

Only after a determination of acceptability by the Commission and notice to the institution of its decision may the institution consider such courses and programs within the scope of its institutional accreditation. If approval is withheld, it may be treated as a deferral or denial pursuant to Sections 2-2-111 or 2-2-112.

2-3-103—*Change of Name or Location.* When an accredited institution changes its name or location, the Commission shall be notified immediately. In such changes, the accreditation of the institution will, under routine procedures, be automatically suspended 30 days following the date of the next regularly scheduled meeting of the Commission unless the institution can justify the change to the satisfaction of the Commission. Upon receipt of notice of such changes the institution will be notified of its right to show cause, either in writing or in person, at the next regular meeting of the Commission, why the suspension should not go into effect.

2-3-104—*Change in Ownership Control*

(a) Automatic Discontinuation.

Accreditation by the Commission is an express grant to a particular institution or department of explicit ownership control. Any change in ownership control automatically results in a self-executing immediate discontinuation of the grant of accreditation which may be regained only upon application to and at the discretion of the Commission. Because the discontinuation results without action or use of discretion on the part of the Commission a negative action such as the withdrawal of accreditation pursuant to Section 2-5-104 *et seq* has not occurred.

(b) Reinstatement.

However when such discontinuance occurs, the accreditation may be reinstated at the discretion of the Commission at such time and on such terms and conditions as it deems appropriate with the burden of coming forward and the burden of proof completely upon the institution to apply for reinstatement. When the Commission is not in session the Executive Committee is authorized to exercise the same discretion to grant a temporary reinstatement of the accreditation for a period sufficient to permit the Commission to consider the application but for a period not to exceed nine months from the date of the application for reinstatement.

(c) Effect.

Until the reinstatement has been granted by either the Commission or its Executive Committee the accreditation of the institution remains in abeyance. If the application for reinstatement is denied, the matter shall be treated as a deferral or a denial as the case may be pursuant to Section 2-5-102 concerning withholding of accreditation.

Chapter 4 APPLICATION FOR REACCREDITATION

2-4-101. The grant of accreditation by the Commission is for a specific period of time. Such a grant may not be longer than six years.

2-4-102. Prior to the termination of the period for which accreditation has been granted, it is the responsibility of the institution to file a new application for a new grant of accreditation. The accreditation granted previously expires automatically with the passage of time unless extended by special decision of the Commission upon timely petition of the reapplicant. Such an extension of the original grant cannot exceed one year and not more than two such extensions may be granted.

2-4-103. The Commission will not consider an application for reaccreditation unless and until all reports are current and all fees are paid. The institution must also submit a statement of the disposition made of any stipulations or recommendations issued in connection with previous accreditation evaluations, as well as a statement covering changes, new programs, and improvements since the last inspection.

2-4-104. The process of reapplication is the same as the steps described for initial applications beginning with Section 2-2-103 of Chapter 2.

2-4-105. A decision by the Commission based upon the reapplication and reinspection not to grant accreditation for a new period is considered as a withholding of accreditation. It is not the withdrawal of the previous grant of accreditation because that will expire automatically with the passage of time.

As in the case of a new applicant, in the event the reapplication is withheld, the Commission will give written reasons for the deferral or the denial. The matter will be governed by the procedure described in Chapter 2, Initial Applications; Chapter 5, Negative Actions; and Chapter 6, Appeals.

Chapter 5 NEGATIVE ACTIONS

2-5-101—*Classifications.* When measured against the Criteria, an institution, in the opinion of the Commission, may be found wanting. The gravity of the deficiency determines whether or not the judgment of the Commission may result in a negative action of which there are three. They are:

(a) To *withhold* accreditation from an initial applicant or reapplicant institution. This is accomplished either by deferral or denial.

(b) To *censure* an institution with an admonition to comply with the Criteria by refraining from some proscribed activity or initiating some prescribed activity.

(c) To *withdraw* accreditation from an institution either by:

(1) suspension, or,

(2) revocation

The following diagram illustrates the generic concept of negative actions and the specific categories:

NEGATIVE ACTIONS					
Withhold		*Probation, Admonition, and Censure*		*Withdraw*	
Defer	Deny	Refrain From Some Activity	Initiate Some Activity	Suspend	Revoke

2-5-102—*Accreditation Withheld.* The accreditation of an initial applicant or of a reapplicant institution may be withheld by a deferral or a denial. In either case the Commission will give the institution written reasons for the withholding.

Deferral. A deferral is not a final decision and is not ordinarily appealable. It is interlocutory in nature to provide further guidance to the institution whereby deficiencies might be cured.

Denial. This is a final decision and the institution is entitled to an opportunity to present its case in a fair and impartial hearing before the Commission at its next regularly scheduled meeting.

An institution claiming to be aggrieved by a decision of the Commission which has denied accreditation, denied a change of classification, or denied the approval for the offering of a degree may appeal the issue. It has a right to be heard at the next regularly scheduled meeting of the full Commission.

The request for such a hearing must be in writing and signed by the chief executive officer of the institution. The arguments and reasons in support of the request must be limited to the points enumerated in the Commission's written statement to the institution of the action taken.

At the hearing the institution may present only evidence not already considered. The school may send one or more representatives including counsel to present its argument in opposition to or extenuation of the previous decision by which it claims to be aggrieved. At its expense it may provide for the reporting or recording of the hearing.

The Commission then may modify or reverse its previous decision. If the denial is affirmed the matter is final and no further remedy is available. The Review Board does not have the jurisdiction to review the negative decision to withhold.

The institution may reapply after the lapse of a full calendar year from the date of the notification of affirmation of the denial of accreditation.

2-5-103—*Admonition, Probation, and Censure.* When in the judgment of the Commission an accredited institution has been found to have deviated from the Criteria to an extent not presently justifying withdrawal of accreditation, the Commission may place the institution on probation for a period not to exceed nine months.

2-5-103

The institution will be *admonished* to

(a) Explain, justify, or correct the deficiencies, or

(b) Refrain from some proscribed activity, or

(c) Initiate some prescribed activity.

During the period of *probation* the accredited status of the institution is subject to special scrutiny. It must be reviewed by the full Commission at least every nine months.

Censure may be justified for failure to comply with the admonition. It is also warranted when it is determined that the institution, though not currently in violation of the Criteria, has in the past been guilty of serious deviation. An institution subject to a judgment of censure is entitled to notice, hearing, and counsel. A judgment of censure may be appealed to the Review Board.

Neither probation nor admonition are to be considered punitive in nature. It is the censure of the institution which exemplifies the onus.

2-5-104—*Accreditation Withdrawn.* The accreditation of an institution may be withdrawn or reclassified, either by suspension or by revocation, because in the judgment of the Commission it is not currently in compliance with the Criteria, or though in current compliance with the Criteria, it has been found to have been so substantially in deviation from or in noncompliance with the Criteria that at the time withdrawal of accreditation would have been justified.

By way of illustration the Commission may withdraw accreditation or reclassify the accreditation for such reasons as:

(a) The institution, when reevaluated, no longer meets an acceptable standard of quality in light of current Criteria of the Commission.

(b) The institution fails to file a satisfactory annual report as required by the Commission.

(c) Any substantial or significant change without notice to the Commission in the operation, structure, or program of the institution including such matters as change or relocation of control, administration, management, or facilities.

(d) The institution fails to respond or to aid in completing arrangements for a scheduled evaluation.

(e) The institution has deviated from either the letter or the spirit of the Criteria or directives of the Commission.

2-5-105—*Procedural Guarantees.* In all cases where accreditation is subject to withdrawal, either by suspension or revocation, the institution will be accorded the following procedural guarantees:

(a) Opportunity for a hearing before the Board of Commissioners on all material issues in controversy,

(b) Written prior notice of the proceedings, the charges levied, and the criteria by which the school is to be judged, and

(c) A decision on the record and a statement of reasons therefor.

(d) Further, the institution is accorded the privilege to have an appeal of a decision to withdraw, except for a revocation arising out of a suspension order, heard by a Review Board which must affirm the decision prior to publication.

2-5-106—*Hearings.* At the appointed hearing the school, through its representatives or counsel, shall have the right to hear the evidence and the facts concerning the alleged noncompliance with the Criteria, to raise all reasonable questions, and to present evidence in opposition thereto or in extenuation. At its expense, it may provide for the reporting or recording of the hearing.

2-5-107—*Revocation and Suspension: Distinction.* If in the judgment of the Commission the institution has not satisfactorily explained or justified and corrected matters of which it has been given notice, the accreditation may be withdrawn or the classification changed. A judgment of revocation means that an institution must start anew and undergo completely the entire accreditation process to once again be accredited. A judgment of suspension shall specify the time, conditions, and terms by which its accreditation can be regained upon compliance with the specified deficiencies.

2-5-108—*Compliance With Suspension Order.* A suspension order shall be vacated by the Commission if it determines that the institution has complied with the terms and conditions of the suspension order within the specified time. In such cases it is incumbent upon the institution to file appropriate written evidence of compliance for consideration by the Commission at a regularly scheduled meeting within the specified time period.

The Commission determination shall not be subject to review by the Review Board.

2-5-109—*Appeals.* An institution claiming to be aggrieved by a decision of the Commission to withdraw, except for a revocation arising out of a suspension order, accreditation or to reclassify the accreditation of the institution may appeal the issue to the Review Board established for this purpose.

Chapter 6 REVIEW BOARD FOR APPEALS

2-6-101—*Appointment of Members.* A Review Board comprised of five persons, none of whom need be a Designated Delegate, will be appointed by the Commission. The Commission will appoint the Chairman. Terms of appointments are fixed by the Commission.

The qualifications of each person appointed to the Review Board must include knowledge of, experience with, and training in the accreditation of educational institutions. Appointees may or may not be serving currently as a Commissioner.

2-6-102—*Jurisdiction and Authority.* The Review Board is empowered to review, upon notice of appeal timely filed, the following negative actions of the Commission:

(a) Admonition, probation, and censure,

(b) Withdrawal of accreditation, except for a revocation arising out of a suspension order.

(c) Reclassification of accreditation.

It has the authority to:

(a) Affirm the decision of the Commission,

(b) Remand the case to the Commission with recommendations for further consideration, if it finds the appeal to have been well founded or justified.

In any case remanded to the Commission the recommendations of the Review Board shall not bind or limit the Commission in any way.

2-6-103—*Nonpublication of Negative Action Pending Appeal.* A negative action subject to appeal to the Review Board shall be stayed automatically and shall not be published pending expiration of the time for appeal. Where the decision of the Commission is affirmed by the Review Board, the appeal shall be deemed to be finally disposed of upon issuance of the Review Board's decision. A notice of appeal timely filed shall further stay such action and bar publication thereof pending final disposition of the appeal.

2-6-103

An appeal remanded to the Commission by the Review Board shall be deemed to be finally disposed of when the Commission takes final action on remand.

2-6-104—*Time for Filing Appeal.* To exercise its right of appeal, the institution must file with the Commission a written notice signed by the chief executive of the institution within twenty days afer the date of the notice of the negative action taken by the Commission.

2-6-105—*Grounds of Appeal.* An appeal of a negative action by the Commission must be based on the grounds that such decision was:

(a) arbitrary, capricious, or otherwise in substantial disregard of the criteria or procedures of the Commission, or,

(b) not supported by substantial evidence in the record on which the Commission took the negative action.

2-6-106—*Review Limited to Record.* The Review Board has no jurisdiction or authority concerning the reasonableness of the accreditation criteria and procedures. The Review Board will not consider any evidence that was *not* in the record before the Commission.

2-6-107—*Hearing of Appeal.* The hearing will be held at a time and place designated by the Chairman of the Review Board. Three members constitute a quorum.

Briefs may be submitted by the institution and the Commission, prior to the hearing, in a manner prescribed by the Review Board. The Chairman or the member of the Review Board designated by him in his absence will preside at the hearing. He will rule upon all procedural matters.

The hearing shall be as informal as may be reasonable and appropriate under the circumstances. A party may appear by counsel or other representative.

The Chairman of the Review Board may promulgate such additional rules of procedure for the scheduling and conduct of hearings as are not inconsistent with these procedures.

2-6-108—*Decision of The Review Board; Publication By Commission.* Every decision must have the concurrence of a majority of the Review Board. Within a reasonable time after the conclusion of the hearing, the hearing panel shall issue, in writing, its decision with a statement of its reasons therefor and recommendation, if any, to the Commission. The decision will indicate the members of the Review Board concurring therein. Dissenting opinions may be filed. The majority decision with dissenting opinions, if any, will be furnished to the complaining institution. Publication is the responsibility of the Accrediting Commission.

2-6-109—*Commission Receipt of Review Board Decisions.* Decisions by the Review Board are transmitted to the Accrediting Commission for disposition and publication if appropriate.

If the Review Board affirms the decision complained of, there is no further remedy available within these procedures. The decision is final.

If the Review Board remands the matter with recommendations for further consideration by the Commission because the appeal was justified or well founded the matter shall be deemed to be finally disposed of when the Commission takes final action on remand.

2-6-110—*Expenses of Appeal Hearing; Deposit.* The institution will bear the following expenses in connection with the appeal:

(a) Travel and subsistence of the Board members participating in the hearing,

(b) Cost of the hearing room, and

(c) All stenographic reporting costs.

At the request of the institution the hearing shall be stenographically recorded. Although the institution is fully responsible directly to the stenographic reporter for all costs, the selection of the stenographic reporter is at the discretion of the Review Board. At the expense of the institution it must provide to the Review Board a copy of the transcript.

2-6-110

An appeals fee of $250 must be deposited with the Accrediting Commission at the time of the filing of the notice of appeal described in Section 6-104. Prior to the hearings the Commission may increase the amount of the fee to meet a realistic estimate of the expense involved. The advance fee is not applicable to stenographic reporting costs. Such costs are borne by and are a direct responsibility of the institution.

Chapter 7 PUBLICATION OF DECISIONS

2-7-101. Among the responsibilities of the Accrediting Commission are government-delegated functions which are utilized in the determination of institutional and student eligibility for participation in certain federal-state programs. It is in the public interest that the Commission observe the procedural safeguards of due process to which an accredited institution is entitled and at the same time expeditiously determine and communicate decisions affecting eligibility for federal-state programs to a variety of concerned publics including students, employers, financial institutions, licensing bodies, and federal and state agencies. As a practical matter, a decision to withdraw or reclassify accreditation or to censure an institution is effective only when it can be communicated publicly. Interested federal and state agencies will be notified as soon as such a decision has become final.

2-7-102. The Commission regularly meets thrice yearly. The Review Board may be convened as necessary. Such an arrangement is believed to balance equity for the school with expeditious determination for the public.

TITLE III

Evaluative Criteria

Chapter 1 General Criteria Applicable to all Institutions
  Part 1 Philosophy and Objectives
  Part 2 The Educational Program
  Part 3 Organization, Administration, and Control
  Part 4 The Academic Staff: Instruction
  Part 5 The Administrative Staff
  Part 6 The Library and Instructional Materials
  Part 7 Financial Relations with Students and Ethical Standards
  Part 8 The School Plant
  Part 9 Admission; Graduation; Student Services
  Part 10 Publications

Chapter 2 (Reserved for Future Use)

Chapter 3 Additional Criterial for Junior Colleges of Business Eligible Institutions
  Part 1 Philosophy and Objectives
  Part 2 The Educational Program
  Part 3 Organization, Administration, and Control
  Part 4 The Academic Staff: Instruction
  Part 5 The Library and Instructional Materials

Chapter 4 Additional Criteria for Senior Colleges of Business Eligible Institutions
  Part 1 Philosophy and Objectives
  Part 2 The Educational Program
  Part 3 Organization, Administration, and Control
  Part 4 The Academic Staff: Instruction
  Part 5 The Library and Instructional Materials

Chapter 1 GENERAL CRITERIA APPLICABLE TO ALL INSTITUTIONS

NOTE: See Sections 3-3-100 to 3-4-500 for additional Criteria for Junior and Senior Colleges of Business.

3-1-100—PHILOSOPHY AND OBJECTIVES. Each institution should clearly define its objectives and should incorporate this definition into a statement which is a pronouncement of its role in the educational world. The institution's integrity is measured not only in terms of its stated purpose, but also in terms of its conscientious endeavor to fulfill this purpose.

It is recognized that the membership consists of a diversity and variety of institutions ranging from those which have a singleness of purpose to those which are highly complex; from those which are nonprofit to those which are privately owned. Each institution, however, should have a well-developed and available statement of objectives, appropriate for its specific educational role. This statement should be clear and concise, and should represent not only the concept, but also the practice of the institution.

The formulation of the statement of objectives is a major decision and basic changes should be made only after proper consideration and approval by the governing body. The faculty should be encouraged to take the initiative in recommending changes.

An institution should also examine its statement of objectives periodically. This reevaluation should include the changes which have taken place internally as well as the changing responsibilities of the institution to its constituency.

The institution's catalog should reflect accurately the institution's statement of objectives. All institutional programs should be designed to achieve the stated purpose. The faculty, financial resources, physical plant, and educational program should be adequate and appropriate to meet the stated objectives of the institution.

3-1-200—THE EDUCATIONAL PROGRAM. The educational program of any good school should impart knowledge and develop skills; but the development of interests, appreciations, ideals, attitudes, and an understanding of the functioning of all these elements in a democratic society should also be encouraged in a sound educational program. The following principles are presented as guides to assist institutions in securing balance in their total educational program:

3-1-201—*Basic Guides.*

(a) The educational program should be developed from the institution's philosophy and from a knowledge of the needs of its students.

(b) The program of an institution shall be appropriate to serve the educational needs of the fields it serves.

(c) The institution's program shall be sufficiently broad to serve both general and specialized purposes of its students. It should provide a variety of learning experiences through classroom, extraclassroom, guidance, and personal counseling services.

(d) The formation of guiding policies and the design of an institution's educational program shall provide opportunities for cooperative participation by laymen, students, administrators, and faculty members.

(e) Provisions shall be made for individual differences among students, with respect to talent, intellectual capacities, and future interests.

(f) Flexibility in organization and administration shall be provided to serve varying groups and situations.

(g) Resources of the community shall be utilized discriminately to enrich the program.

(h) Each institution shall make a planned and continuous evaluation of the effectiveness of its educational program in accomplishing the objectives or outcomes upon which its staff and board have agreed.

(i) An institution shall be expected to provide not only an initial orientation program but also a continuing program designed to enable the students to adjust to and cope successfully with their work and personal problems.

3-1-202—*Curriculum Patterns.* Schools should plan their curriculum patterns to serve their own students and communities; consequently, the Commission allows considerable latitude in matters of curriculum and course content.

(a) The curricula shall be directly related to the institution's published objectives and shall give evidence of a well-organized sequence of appropriate subjects leading to occupational competence. The curricula shall be published in the institution's catalog or other such publication and shall state objectives specific to each curriculum.

(b) The courses offered shall be available when required by the student in the normal pursuit of a course of study. Prerequisites must be indicated: The prerequisite system must be administered in a fashion that assures proper qualifications of students in any given class, appropriate allowance of credit to students for subject matter previously mastered in post-secondary educational institutions, and an increasing level of difficulty as the student progresses.

(c) The faculty shall participate in a system of continuous curricula revision and improvement. Institutions are encouraged to consider curriculum changes designed to fit students' needs as determined by a survey or other fact-gathering procedure, such as community surveys related to educational needs.

(d) The curricula shall be predominantly devoted to business and business-associated needs; however, the institution shall encourage inclusion of general education subjects which contribute to breadth or balance in any course of study.

3-1-203—*Instruction.*

(a) Accredited institutions shall provide personnel, physical facilities, and favorable conditions for effective classroom instruction.

(b) A total pattern of successful instruction includes special components which accredited institutions shall provide. Included are: (1) well-defined instructional outcomes, (2) systematic planning, (3) the selection and use of varied types of learning materials and experiences, (4) the adaptation of organization and instructional procedures to student needs, (5) the use of varied evaluation instruments and procedures, and (6) good teacher and student morale.

3-1-204—*Extra-Classroom Activities.* Colleges shall maintain a reasonable program of extra-classroom activities, based on well-defined purposes, and designed primarily to serve important educational needs of their students. Business schools are expected, where possible, to encourage and maintain such programs. Participation and membership in activities shall be governed by democratic principles.

3-1-300—ORGANIZATION, ADMINISTRATION, AND CONTROL.

3-1-301—*Organization and Administration.* The ownership, control, and type of legal organization of the institution shall be stated in appropriate publications, together with the names of the administrators and officers.

(a) In evaluating the administration, emphasis shall be placed upon the manner in which functions are performed. Attention shall be given to such matters as: administration of academic matters; admissions; board of control; financial administration and supervision of the plant and equipment; overall administrative system; and, student personnel services.

(b) The method of administration shall be such that each employee clearly understands his duties and responsibilities, the person to whom he reports, and the standards by which the success of his work is measured.

(c) In the administrative organization of the institution, the professional nature of the teacher's occupation shall be protected and defended. No institution will be accredited where there is evidence that the instructor's work has been reduced to a clerical operation or where the academic freedom of the teacher is impaired.

(d) The faculty of the institution shall be academically qualified for post-secondary instruction and adequate for the size of the student body.

(e) There shall be evidence of faculty participation in administration through faculty meetings and by other means.

(f) The annual budget for teachers' salaries, library improvements, curriculum revision, and teacher improvement shall be adequate in the light of the stated educational objectives of the institution.

(g) The accounting system of the institution shall be modern and complete and shall present an accurate picture of the financial status of the institution.

3-1-302—*Financial Stability and Reputation.*

(a) The institution shall have adequate financial resources to meet its responsibilities and to insure continuity of service. The amount of tuition received from students must be adequate to provide a suitable program; the amount of debt must not burden the educational objectives of the institution; the proportion of budget devoted strictly to instructional programs must be adequate; and the financial reputation of the institution in its community must be good.

(b) All institutions accredited by the Accrediting Commission of the Association of Independent Colleges and Schools may be required from time to time

(1) to furnish reports designed to reveal data concerning the nature of operations of the institutions under any or all federal and state programs of financial aid and to determine, by way of illustration, the rate of dropouts of students and causes, therefor.

(2) to submit a signed release authorizing the USOE, HEW, and such other agencies as may be appropriate to make available to AICS information needed to verify, confirm, and supplement information reported to AICS by the institution.

(3) to provide explanation to AICS any condition apparently indicative of improper, deficient, or questionable practices in the administration of any program of student financial aid by any institution.

3-1-303—*Records.*

(a) Adequate records shall be kept by each institution relative to the following components of its instructional program: (1) administrative operation; (2) curriculum; (3) guidance; (4) instructional supplies and equipment; (5) library; (6) school plant; (7) staff; (8) student activities; and (9) student personnel.

(b) There shall be one file for each regularly enrolled student an official copy or transcript of his high school record. In addition each file should include personal background information, records of past and current counseling, and detailed attendance records.

(c) Official transcripts for all professional staff members shall be on file in the chief executive's office or in the office of the academic dean.

(d) All basic records and reports such as the student permanent cumulative records, finance, staff, etc., shall be maintained in an appropriate manner so that they will be safe from theft, fire, or other possible loss.

3-1-400—THE ACADEMIC STAFF: INSTRUCTION.

3-1-401—*Faculty.* The Commission will require compliance with the following:

(a) The preparation of faculty members shall be adequate and appropriate to the subject matter taught.

(1) Teachers shall have an educational background equivalent to a standard baccalaureate degree.

(2) The faculty shall represent a reasonable balance in age and years of teaching experience.

(b) Newly employed teachers, whether replacements or additions to the staff, shall have at least a baccalaureate or equivalent degree from a recognized institution of higher learning. An exception may be made for teachers of subject areas not normally taught by teacher training institutions and for teachers of electronic data processing and technical machines provided they are otherwise competent and the school also meets the other faculty standards.

(c) The institution shall provide a systematic program of in-service training for the improvement of the teaching force and the curricula. Such a program shall be specifically related to the institutional objectives.

(d) There shall be evidence of professional alertness on the part of the faculty as shown by membership and participation in educational associations, business, technical or professional organizations, continuance of education, and concurrent related business experience.

(e) The working conditions shall be such as to attract and retain instructors of high quality.

(f) A retirement plan, sick leave plan, study plan or means for other teacher improvement, regular faculty meetings, visitations to other schools, attendance at national and regional educational meetings, and participation in the activities of education associations shall be considered in the evaluation of working conditions.

3-1-402—*Instruction Methods.* Faculty members shall be competent to teach the subject matter offered and shall have reasonable latitude in their choice of teaching methods. The appropriateness of instructional methods shall be judged by the following criteria:

(a) Individual differences among students shall be adequately recognized.

(b) The progress of a student shall be readily measurable.

(c) The method of instruction shall be appropriate to the subject matter. The *lecture, laboratory,* and *individual progress* or *coaching* methods of instruction, for example, are acceptable teaching methods when used with appropriate subject matter.

3-1-403—*Teaching Load.* The teaching load shall be reasonable in student-teacher ratio, number of subject preparations, number of periods and hours assigned instruction, and other duties. The maximum teaching load, including night school, shall not exceed 31 clock hours a week. Where class instruction is used, the student-teacher ratio shall not exceed 30:1; where individual instruction is used, the ratio shall not exceed 15:1.

3-1-500—THE ADMINISTRATIVE STAFF.

3-1-501—*Supervision.* The chief executive officer or a specifically designated representative shall be responsible for the improvement of instruction and the professional growth of his instructional staff in service. He shall encourage his staff to continuously evaluate the program of studies, the student activity program, guidance services, courses of study, instructional procedures, library services, and other aspects of the educational program of his institution; he shall also seek to improve the educational program as a result of such evaluation. In small schools without special supervisors, the president shall devote approximately one-half of his time to supervision. In colleges and in larger schools with assistants and special supervisors, the chief executive officer shall devote such portion of his time as is required to stimulate and coordinate the program.

3-1-502—*Counseling and Guidance.* Each institution shall designate at least one competently prepared person whose responsibilities, wholly or in part, shall include those of guidance and counseling. The extent of such activity, and the personnel assigned to it, shall be determined by the size and classification of the institution.

3-1-503—*Clerical and Custodial Staff.*

(a) Adequate clerical assistance shall be provided to the professional staff. The qualifications of such personnel shall include, as a minimum, high school graduation or equivalent, and preparation in office and secretarial work.

(b) The custodial staff shall be adequate to maintain the plant so that it is safe, clean, and attractive. Custodians shall meet the legal standards of the state and city pertaining to their training and employment.

3-1-504—*Salaries.* Professional personnel shall be paid adequate salaries to permit a standard of living appropriate for professional persons in the community in which they are employed and to make possible continued professional improvement.

3-1-600—THE LIBRARY AND INSTRUCTIONAL MATERIALS.

3-1-601—*Library.* The library facilities of the institution shall serve the needs of its educational program. Audio and audio-visual teaching devices and materials are to be considered in the evaluation of the library.

(a) Every institution should have available and easily accessible such standard reference works as an unabridged dictionary, an up-to-date set of encyclopedia, a current world almanac, and recent editions of handbooks appropriate to the curricula. Resource and reference material adequate to the needs of the faculty should be available.

(b) The variety of volumes and periodicals readily available to students and faculty, recency of publication, appropriateness, and usefulness to the program are major considerations.

(c) The library should observe appropriate hours, and the books and periodicals should be organized for easy access, use, and preservation.

(d) Classification and cataloging of the collection shall include a shelf list and an appropriately arranged card catalog.

(e) Budget allotments for library and instructional materials shall be appropriate to the institution's programs.

3-1-602—*Classroom Instructional Materials and Equipment.* Adequate and appropriate types of teaching and learning materials as well as equipment for all areas of the program shall be provided. The quantity and type of the instructional material and equipment required shall be determined by the size of the institution and the nature of the program.

3-1-700—FINANCIAL RELATIONS WITH STUDENTS AND ETHICAL STANDARDS.

3-1-701—*Tuition and Charges.*

(a) The tuition and other charges shall be clearly stated in the catalog of the institution or in a comparable publication readily available to students and the general public. The existence of any separate or comparable publication containing tuition rates, other charges, refunds, and financial policies must be stated specifically in the catalog of the institution. This schedule of charges must be uniformly administered to all students.

(b) The financial record of the student shall clearly show the amounts of money paid and the balance due from him for tuition and other charges.

(c) The enrollment agreement or catalog used by an institution must clearly outline the obligations of both the institution and the student and a copy of the enrollment agreement must be furnished the student either by the institution itself or by the institution's representative.

3-1-702—*Refunds.* The refund policy of the institution shall be published in the catalog and shall comply with the current refund policy of AICS Ethical Criteria.

3-1-703—*Ethical Criteria.* An accredited institution shall maintain high standards of academic integrity and ethics. The Commission has promulgated and published separate guidelines with ethical criteria in detail. These standards are made a part of this Criteria by reference, are supplied to all applicants for accreditation, and are available to the general public on request.

3-1-800—THE SCHOOL PLANT.

3-1-801—*Site.* The site shall be readily accessible, free from traffic hazards and other dangers, free from distracting noises, extensive enough to provide for all instructional and recreational needs, attractive in appearance, and properly maintained.

3-1-802—*School Plant and Equipment.* The buildings, classrooms, equipment, furniture, grounds, instructional devices, instructional facilities, machinery (if any), and other physical requirements of the educational program shall be appropriate and shall contribute directly to the achievement of the educational objectives of the institution. The physical plant shall meet the general tests of safety, usefulness, cleanliness, high maintenance standards with provision for improvement and expansion, adequate health standards, adequate lighting facilities, and compliance with any local or state laws governing physical facilities, particularly with respect to fire, safety, and sanitation. If the plant is not owned by the institution, evidence of long-term occupancy and lease, or other evidence, shall be presented to demonstrate the stability of the institution.

3-1-900—ADMISSION; GRADUATION; STUDENT SERVICES.

3-1-901—*Admission Policies.* The admission policies shall be based upon the institution's objectives, shall be publicly stated, and shall be administered as written.

3-1-901

(a) No institution shall be accredited which does not require at least completion of high school (12th grade), or equivalent, as a prerequisite to regular enrollment.

(b) An accredited institution shall not permit regular enrollment of non-high school graduates of less than 17 years of age, or the legal age for compulsory school attendance.

(c) If the institution conducts an adult education program or serves special students (limited program, non-degree, or non-diploma), a separate admission policy shall be publicly stated and administered for such students. Such students need not be high school graduates, but they must be adults and fully qualified to study the subject matter for which they enroll.

(d) The admission policy of the institution shall not discriminate in the selection of students in any way, regardless of the institution's own religious affiliation or policy, its relationship or affiliation with any other type of educational institution, the nature of its legal organization, or the source of its financial support.

3-1-902—*Graduation and Awards.* The institution shall confer certificates, diplomas, specialized or academic degrees consistent with its objectives and classification and in compliance with applicable state laws. Where state laws are silent with respect to the right of an institution to confer certificates, diplomas, or degrees, the practice of the institution shall be consistent with the practices of post-secondary or collegiate education in the general geographic area in which the institution is located.

(a) Requirements for graduation shall be clearly stated in the catalog of the institution or other comparable publication available to the general public and shall be uniformly applied.

(b) A standard semester, quarter, or term hour normally requires one hour of work in class each week for a semester, quarter, or term. Laboratory subjects having a disproportionate ratio of instruction to practice require additional class or laboratory hours per credit hour, depending upon the particular circumstances. Appropriate provision must be allowed for home study.

A standard class hour is 45 to 50 minutes in length.

3-1-903—*Offering of Degrees by Accredited Institutions.* When an institution offers a non-standard degree, accreditation consideration shall begin only after a responsible official of the institution certifies that no student shall be enrolled thereafter for the non-standard degree program. Such an institution shall be permitted to change such degrees to standard degrees otherwise conforming with the Criteria of the Commission. Any subsequent change that would affect the degree-granting policy and the accreditation status of a school shall require consultation with the Commission.

3-1-904—*Procedure.* When an accredited institution has decided to seek a different accreditation in which a degree may be appropriate, the following procedure shall be followed:

(a) The institution shall notify the Commission of its decision to seek the different accreditation and whether or not it will grant an appropriate standard degree.

(b) If the institution has decided to offer an academic degree (e.g., A.A., A.S., A.B.A., B.S., etc), and has state authority to do so, it shall furnish to the Commission evidence of such authority.

(c) The institution shall present to the Commission a written document outlining a planned appropriate collegiate curriculum including business and general education courses and prerequisites, a projected timetable or schedule for upgrading of the faculty and library, as well as plans for meeting other requirements for the different accreditation.

(d) The institution shall publish and file with the Commission a college catalog acceptable to the Commission, and which meets the Criteria requirements for a junior or senior college of business as case may be, and

(e) The institution shall present affirmative evidence that the library of the institution meets all requirements of the library Criteria for the level of accreditation for which application is made except with respect to the number of volumes on hand which must include appropriate holdings representative of the subject areas offered, including general education, and

(f) The institution shall provide affirmative evidence that the physical plant, furnishings and equipment, and philosophy of the institution (as stated in the catalog and reflected in its recruitment and admissions policies) are appropriate to a developing institution of higher education at point in time at which it begins the matriculation of students in the degree program for which approval is requested.

3-1-905—*On-Site Visitation.* The Commission will require an on-site visit at the expense of the institution by a representative of the Commission prior to granting of approval for the school to matriculate students in the requested new classification. Should the Commission concur in the request of the institution to seek a different accreditation it will then grant the status of Reasonable Assurance of Reclassification. This is an interim status of accreditation at the higher classification which will be granted for a period not exceeding one year. This status is subject to renewal from time to time by the Commission after consideration of the progress of the institution as disclosed by the special reports required herein, in addition to such other investigations which may include on-site visitations as may be ordered by the Commission.

(a) An accredited institution seeking to offer an associate degree will be allowed two years in which to meet all Criteria for junior college accreditation, unless the Commission extends the time. An accredited institution seeking to offer a baccalaureate degree will be allowed three years in which to meet all Criteria for senior college accreditation unless the Commission extends the time.

(b) During the period a college is working toward a higher collegiate accreditation, semiannual progress reports must be filed with the Commission in a form prescribed by the Commission. Unsatisfactory progress will be grounds for revocation by the Commission of the approval granted as set forth herein.

(c) By the end of the two- or three-year period, as the case may be, the college must have had a regular on-site evaluation for the new classification and must have been accredited for such. If the latter requirement is not accomplished, the institution must either cease the matriculation of students in the degree program or lose its institutional accreditation.

(d) In the event of revocation of the authority to offer the degree program, or failure to accomplish the requirements for accreditation at the higher level, the institution will be expected to fulfill its obligations to all students matriculated in the degree programs, including the granting of degrees. However, in such event, no additional students may be entered into training in the degree program.

3-1-906—*New Classification.* The institution which seeks the new classification is required to plan carefully for that new classification. The use of a qualified Commission-approved consultant, as well as Commission aid, is strongly recommended.

(a) If an institution has been given permission by the Commission to grant degrees appropriate to either a junior or senior college of business prior to obtaining accreditation as a junior or senior college, the institution may make appropriate announcements on letterheads, catalogs, and other publications, but only for the time prescribed.

(b) A degree-granting institution moving to a non-degree classification may not enroll students in a degree-granting program after the date on which the notice of the new classification is received from the Accrediting Commission.

Moreover, the institution is obligated to offer appropriate courses so that currently enrolled students, who have entered the program in good faith, will be able to complete the program and receive their degrees. For this purpose this period of time shall not extend beyond two years for two-year programs or four years for baccalaureate programs.

3-1-907—*Specialized Associate Degree Programs.* When an accredited institution seeks approval to offer an associate specialized degree for programs of not less than two academic years and for which it has state authority, the school will apply to the Council on Schools for approval for the offering of such degree. The application shall include:

(a) A certification that the school will offer the degree in accordance with appropriate standards—semester or quarter hours of instruction, level of difficulty of courses, faculty, library, and curriculum.

(b) Detailed information to support the above certification and documentation of state authorization for the offering of such degree.

(c) Granting of the associate in arts or associate in science degree is limited to junior or senior colleges of business or recognized candidates for such accreditation.

The Council on Schools may grant or withhold approval for the offering of such degree, or defer such action pending the completion of such evaluative procedures as it may initiate.

3-1-908—*Student Recruitment.* The Commission shall examine carefully the recruitment methods of the institution. The proportion of the total school budget used for purposes of recruitment shall not be excessive.

(a) The institution's recruitment efforts shall be devoted substantially to locating and informing those groups of students which the institution can serve best.

(b) Loans, grants, or scholarships shall not be used as a recruitment device when such use results in unfair competitive practice.

(c) If field representatives are employed, their remuneration shall preferably be on a salary basis. No institution shall budget an excessive or disproportionate amount of its budget for recruitment activities.

3-1-909—*Student Personnel Services.* Student personnel services shall be provided to make the total program of each student effective, meaningful, and complete in light of the institution's objectives. The following areas shall receive special consideration:

(a) Orientation activities shall help new students adapt to the institution

(b) The student record shall provide complete and useful information about the student's educational and personal background, including: courses taken, credits and grades received, and dates of schools attended; certificates, degrees earned, or diplomas; and other pertinent information.

(1) The student's scholastic record form shall permit easy and accurate preparation of transcripts of educational records to support

transfer, placement, reports to the armed services or government agencies, and other needs. Except for schools with exclusively vocational objectives, credit for each subject studied shall be indicated in terms of semester hours or other units easily converted to semester hours (or like units) by the use of a simple, stated formula. The grading system used shall be fully explained on the transcript form.

(2) A numerical or other logical system shall be used on transcripts and records to indicate course progression or level of difficulty.

(c) A system of educational, occupational, and personal guidance counseling shall be provided to give systematic aid to pupils in making adjustments to various types of problems which they meet—civic, educational, personal, social, and vocational.

(1) Personnel, physical facilities, and materials shall be adequate for effective guidance and counseling services to the institution's students.

(2) There shall be sufficient number of counselors to permit individual conferences with students as needed, provision for teacher counselors for small groups, related pupil information for effective counseling, appropriate test data, an adequate system of student records, and sufficient reference materials.

(d) Guidance and supervision shall be provided in extracurricular activities.

(e) There shall be placement service and post-school follow-up studies.

(f) Health and safety services shall be provided. Each institution should have available services supplementary to other agencies in the community to aid students in maintaining good physical and mental health. Included in the institution's health program should be such provisions as health and safety instruction. Professional health personnel should be available part time or on call.

(g) If the institution serves students who live away from home, the Commission shall evaluate the system used by the institution to provide housing and food. The institution should accept reasonable responsibility for ascertaining that its students are well-housed and well-fed under healthful, comfortable conditions operated on a high moral level.

3-1-1000—PUBLICATIONS.

3-1-1001—*Catalog.* Each institution shall publish, or shall have published, an appropriate catalog of its operation and services with consideration given to the following items: accreditation, affiliations, admission requirements, calendar, curricula offered, date of publication, description of building, expenses, fees, graduation requirements, institutional objectives, legal control, list of the faculty (including degrees held and institutions from which received), list of trustees, memberships, refund policy, room and board accommodations, rosters, rules and regulations, scholarships, student activities, student body, student welfare services, table of contents, etc.

Detailed recommendations concerning catalog content and organization are available from the office of the Commission.

3-1-1002—*Advertising.* Advertising shall be factual and in good taste. The Commission is always interested in the manner in which the fact of accreditation is publicized. Guidelines for acceptable advertising are contained in the Ethical Criteria published by the Commission.

3-1-1003—*School Calendar.* The institution shall provide and publish a school calendar showing beginning and end of terms, holidays, and important dates of the school year.

Chapter 2 RESERVED FOR FUTURE USE

Chapter 3 ADDITIONAL CRITERIA FOR JUNIOR COLLEGES OF BUSINESS—*Eligible Institutions*

3-3-100—ELIGIBLE INSTITUTIONS.

To be considered for accreditation as a junior college of business, an institution shall have been in continuous service for a period of time sufficient to make possible an evaluation of the programs; and, shall have offered its principal program for at least three years.

Based on total enrollment, a reasonable number of associate degrees or diplomas must have been conferred during each of the three years preceding application for accreditation. Should the average number of degrees or diplomas granted annually over the previous three years fall below ten (10), an explanation by the chief executive officer of the college shall be included in the application for accreditation.

3-3-101—PHILOSOPHY AND OBJECTIVES.

The junior college of business places greater emphasis on achievement beyond the purely vocational; frequently, objectives require courses of considerable breadth, including general education, citizenship, research, etc. In addition to occupational objectives dependent upon skills, students are prepared for state-conferred designations or licenses upon examination. Transfer credit for appropriate work in other collegiate institutions is granted or may be contemplated.

3-3-200—THE EDUCATIONAL PROGRAM.

3-3-201. The curriculum is the usual means by which the objectives of a college are achieved. Hence, each institution applying for accreditation shall be expected to show that it offers courses appropriate to its specific goals and objectives, including an adequate program of general education, basic business education, and business courses related to the objectives of the institution. The organization of the curriculum shall be of service to the students and shall be determined by each institution.

junior colleges of business may offer work in fields such as: accounting, business administration and management, economics and finance, marketing, and secretarial science. Second-year work in these business areas shall be offered and based upon appropriate first-year prerequisites.

3-3-202. The curricula shall approximate, quantitatively and qualitatively, the standards in effect in recognized collegiate institutions offering associate degrees in business with due allowance being made for meeting regional or other special objectives. Instructional procedures, texts, and materials shall be suited to the purposes, curricula, and standards of collegiate instruction.

3-3-203. A junior college of business confers upon graduates an appropriate diploma or associate degree, provided the institution is legally authorized under the laws of its state to grant the associate degree. The associate degree or diploma of a junior college of business requires the completion of a minimum of 60 standard semester hours earned over a period of four semesters of 14 to 19 weeks of instruction each, or 90 quarter or term hours earned over a period of six quarters or terms of 10 to 12 weeks of duration each, or the equivalent thereof.

Of the total credits for the associate degree or diploma, a minimum of 30 standard semester hours, or equivalent, in business or economic subjects and at least 16 standard semester hours, or equivalent, in general education are required. General education courses include subjects other than business that give breadth and balance to the total program. Economic principles, economic history, and economic geography may be included in either category.

3-3-204. Enrollment in the second year of a two-year program must be sufficient to support regularly scheduled and conducted classes and laboratory work.

3-3-205. An accredited college is not barred from offering other programs of shorter or longer duration than two years, provided they are taught at the collegiate level, except for specially circumstanced programs. Appropriate consideration shall be given to colleges enrolling less than full-time students.

3-3-300—ORGANIZATION, ADMINISTRATION, AND CONTROL.

In evaluating the administration, emphasis will be placed upon the manner in which functions are performed. Attention shall be given to such matters as the board of control, the overall administrative system, the administration of academic matters, student personnel services, the financial administration, and supervision of the plant and equipment.

3-3-400—THE ACADEMIC STAFF: INSTRUCTION.

3-3-401. In no case shall the faculty number fewer than four full-time or full-time equivalent faculty members who shall be representative of the principal areas of instruction offered by the college.

3-3-402. In judging competence, consideration shall be given to the academic preparation and business experiences of each teacher. At any one time, no teacher should be assigned to teach in more than three fields of instruction, and preferably in not more than two fields. Teachers shall be assigned in terms of their major and minor preparation, interests, and related business experience. At least one-half of the faculty teaching second-year classes shall have the master's degree, LL.B., J.D., C.P.A., or other approved professional equivalents. Attention shall be given to the proportion of the faculty which has attended or has been graduated from the college being evaluated.

3-3-403. Teaching loads shall not be greater than 20 credit hours per week, including evening classes. Consideration shall be given also to the number of clock hours of regularly assigned instruction, which shall not exceed 25 per week, and the number of different preparations required.

3-3-404. Teachers shall be appointed by the official action of the board of control, upon recommendation of the designated administrative officer. Notices of appointment shall be in writing and contain all the conditions of employment, including the period of time for which employment is offered. Such notices, when accepted in writing by the staff member, constitute the contract between the individual and the college. Preferably, appointments should be made for a term of one to three years, renewable for stated periods, if work is satisfactory.

3-3-500—THE LIBRARY AND INSTRUCTIONAL MATERIALS.

The library shall be under the direction and supervision of a trained librarian with a sufficient number of assistants to provide an adequate staff for the library. An adequate, annual, budgetary allowance shall be expended for the purchase of books, periodicals and other materials, and for salaries of librarians and assistants.

The Dewey Decimal, Library of Congress, or other appropriate system of classification should be used; and records of circulation, books and periodicals, inventory data, and finances shall be accurate and up to date.

A library for a junior college of business shall contain up-to-date volumes appropriate to the size of the institution and the breadth of its offerings, as well as magazines and essential professional periodicals.

Chapter 4 ADDITIONAL CRITERIA FOR SENIOR COLLEGES OF BUSINESS—

3-4-100—ELIGIBLE INSTITUTIONS.

1. In order for a senior college of business to be considered for accreditation, it shall have been in operation as a four-year college for a period of time sufficient to make possible an evaluation of its programs; and, it shall have graduated at least three four-year classes.

2. The institution shall be legally authorized by the appropriate state agency to confer baccalaureate degrees. A baccalaureate degree shall require the completion of a minimum of 120 standard semester hours normally acquired and earned over a period of 8 semesters of 14 to 19 weeks of instruction each, or 180 quarter or term hours normally earned over a period of 12 quarters or terms of 10 to 12 weeks of instruction each. Normally, a class hour refers to a net of 45 to 50 minutes of class time.

3. Transfer credit for appropriate work in other collegiate institutions is granted.

4. An accredited college is not barred from offering programs of one or two years in length, provided that all programs, except for those specially circumstanced, offered by the college are taught at the level of collegiate instruction.

5. Based on total enrollment, a reasonable number of baccalaureate degrees must have been conferred during each of the three years preceding application for accreditation.

3-4-101—PHILOSOPHY AND OBJECTIVES.

The objectives of the senior college of business should place greater emphasis on achievement beyond the purely vocational. Frequently, such objectives will require courses of considerable breadth, including general education, citizenship, research, etc. Professional objectives of high level should be stressed. Objectives may include the preparation of students for state-conferred designations or licenses upon examination.

3-4-200—THE EDUCATIONAL PROGRAM.

3-4-201. The curriculum is the means by which the objectives of a college are achieved. Hence, each college applying for accreditation shall show that it offers such courses that directly relate to its specific purposes. This includes an adequate program of general education, basic business education, and professional and advanced business courses. The organization of the curriculum shall be such as will best serve the students and is to be determined by each college for itself.

3-4-202. Of the total credits required for the baccalaureate degree, a minimum of 40 percent shall be in business or economic subjects, and at least 40 percent in general education. General education subjects are considered to be those other than business and economics, provided that economic principles, economic history, and economic geography may be included in either category. For purposes of accreditation, the term *general education* is defined to describe those courses covering the major areas of knowledge other than business courses. The framework of the general education program shall embrace work in all or most of the following fields: communication arts, fine and practical arts, languages, literature, mathematics, psychology, and social science. The college also may elect to make offerings from the following fields: biological science, health education, humanities, recreation, religion, and physical science. A list of suggested course titles that would be acceptable is available from the Commission.

3-4-203. The professional business program should be organized in terms of majors. As a foundation for training in business, instruction shall be offered in accounting, business law, business organization and management, economics, finance, industrial management, industrial relations, marketing, personnel management, or statistics. Preferably, instruction in the introductory courses in each of the foregoing fields should be required for all candidates for the baccalaureate degree. The requirements for majors in secretarial administration and teacher education may vary somewhat from this standard.

3-4-204. The curricula shall approximate, quantitatively and qualitatively, the standards in effect in recognized collegiate institutions offering baccalaureate degrees in business. Due allowance shall be made for meeting regional or other special objectives. Instructional procedures, texts, and materials shall be suited to the purposes, curricula, and standards of collegiate instruction.

3-4-205. Enrollment in the upper division courses must be sufficient to support regularly scheduled classes and laboratory work to insure high standards of instruction.

3-4-300—ORGANIZATION, ADMINISTRATION, AND CONTROL.

In evaluating the administration, emphasis will be placed upon the manner in which functions are performed. Attention shall be given to such matters as the board of control, the overall administrative system, the administration of academic matters, student personnel services, the financial administration, and supervision of the plant and equipment.

3-4-400—THE ACADEMIC STAFF: INSTRUCTION.

3-4-401. A college shall have an adequate and competent faculty working under conditions that encourage the best efforts of each individual. The size of the faculty roster shall be appropriate to total student enrollment as well as the number of students enrolled in lower division compared to upper division enrollees. The student-teacher ratio shall be appropriate for the level of college work offered. The number of full-time and full-time equivalent faculty members having teaching as their primary interest shall be appropriate to the size and objectives of the college, and shall be representative of the principal areas of instruction.

3-4-402. In judging competence of the faculty, consideration shall be given to the academic preparation and business experience of each teacher. At any time, no teacher should be assigned to teach in more than three fields of instruction, and preferably in not more than two fields.

Normally, teaching loads shall not be greater than 16 standard semester hours per week, or equivalent, including evening classes. Consideration shall be given to the number of clock hours of instruction and the number of different preparations required.

3-4-403. At least one-half of the faculty teaching second-year classes shall have master's degrees, LL.B., J.D., C.P.A., or other approved professional equivalents. Normally, there shall be no teachers of upper division courses without standard master's degrees or the equivalent, and a reasonable number shall have doctoral or other terminal degrees. An earned doctorate in economics or business administration from an accredited institution is considered terminal for all business courses; for business law, an LL.B. or J.D. from an accredited institution is considered a terminal degree; for accounting, a master's degree in economics or business in addition to the C.P.A. certificate is considered a terminal degree.

3-4-404. Teachers shall be appointed by official action of the board of control upon recommendation of the designated administrative officer. Notices of appointment shall be in writing and shall contain all the conditions of employment including the length of the appointment. Such notices, when accepted in writing by the staff member, constitute the contract between the individual and the college. Preferably, appointments should be made for a term of one to three years, renewable for stated periods, if fulfillment of teaching and other duties is satisfactory.

3-4-405. The college should evidence a record of a stable faculty roster particularly for those teachers conducting classes in the upper division courses. The college is encouraged to induce stability in their faculty roster with adequate salaries, fringe benefits, and tenure status.

3-4-500—THE LIBRARY AND INSTRUCTIONAL MATERIALS.

The functions of the library shall be determined by the educational program of the college. It shall provide the study and reading facilities necessary to make the educational program effective, and there shall be evidence that such facilities are appropriately used.

In judging the library, consideration shall be given to the use of library materials by both students and faculty, including methods used to encourage its use by students. The library shall be under the direction and supervision of a professionally trained librarian with a staff adequate to provide full-time supervision of the library. An adequate annual budgetary allowance shall be provided for the purchase of books, periodicals and other materials, and for salaries of librarians and assistants. A library for senior colleges of business shall contain up-to-date volumes appropriate to the size of the institution and the breadth of its offerings, as well as magazines and essential professional periodicals.

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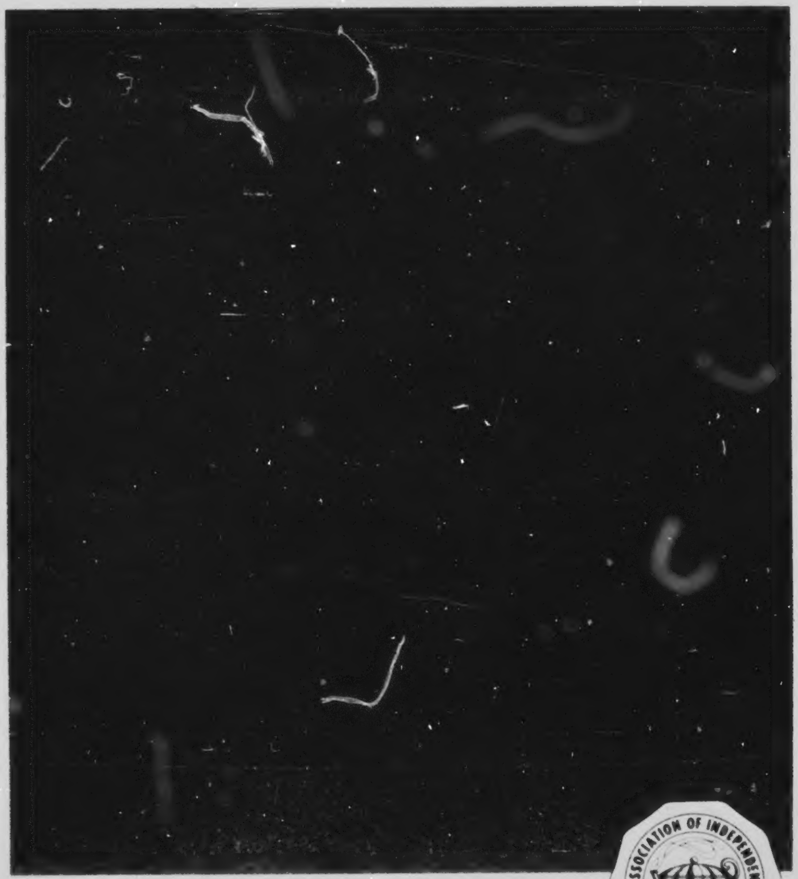

The Accrediting Commission of the Association of Independent Colleges and Schools

(Formerly United Business Schools Association)

Supplement to Operating Criteria for Accredited Institutions

The Accrediting Commission of the

ASSOCIATION OF
INDEPENDENT COLLEGES AND
SCHOOLS

Suite 401
1730 M Street, N.W.
Washington, D. C. 20036
Telephone (202) 659-2460

Dana R. Hart, *Executive Secretary*
Accrediting Commission

Richard A. Fulton, *Executive Director and General Counsel*
Association of Independent Colleges and Schools

TITLE IV

Supplement to Criteria

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Chapter 1 ETHICAL CRITERIA

Part 1 General Provisions

Part 2 Advertising and Promotional Literature

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4-1-100—GENERAL PROVISIONS

(a) The purpose and intent of these ethical criteria is that students, prospective students and the public, may rely upon the complete accuracy of all representations concerning opportunities, offerings and operations of institutions holding membership in AICS and accredited by its Accrediting Commission. Statements or activities that are not factually accurate or that have a tendency or capacity to mislead or deceive anyone are in violation of these criteria.

(b) The word "school(s)" as used herein refers to any institution holding membership in AICS.

(c) Academic terms such as school year, clock-hours, quarter-hours, semester-hours, etc., are to be given their generally accepted meaning unless specifically defined in criteria adopted and promulgated by the Accrediting Commission.

(d) These criteria are designed to apply to all students enrolled in all schools.

(e) In the application and administration of these criteria it is intended that a spirit of equitable interpretation shall prevail when confronted with arguments indulging in technicalities.

4-1-200—ADVERTISING AND PROMOTIONAL LITERATURE

(a) Any advertisement or piece of promotional literature written or used by a school must be completely truthful and must be prepared and presented with dignity and in such a manner as to avoid leaving any false, misleading or exaggerated impressions with respect to the school, its personnel, its courses and services, or the occupational opportunities for its graduates.

(b) All advertising and promotional literature used by a school must clearly indicate that training or education, and not employment, is being offered.

(c) All advertising and promotional literature must include the correct name of the school. So-called "blind" advertisements are considered misleading in character.

(d) Schools using classified columns of newspapers or other publications to procure students must use only such as are headed by "Education," "Schools" or "Instruction." "Help Wanted," "Employment" or "Business Opportunities" classifications may be used only to procure employees or agents for the school.

(e) In reference to the availability of FISL financing in media advertising and promotion, the only authorized reference is "Eligible Institution under Federally Insured Student Loan Program."

(f) Advertisements may not be used to sell loans, for example: "Learn now, Pay later," "Government Loans Available."

(g) Letters of endorsement, commendation or recommendation may be used in school catalogs, sales literature or advertising provided prior consent is obtained and no remuneration is made for either the consent or use of the endorsement. Such letters shall be kept on file and subject to inspection. Testimonial letters may be used only when they are strictly factual and portray currently correct conditions or facts.

(h) For general publications (catalogs, letterheads, brochures, promotional literature, etc.) institutions shall state the fact of accreditation as follows:

Accredited Member, Association of Independent Colleges and Schools, or

Accredited by the Accrediting Commission of the Association of Independent Colleges and Schools.

For mass media (newspapers, magazines, radio and television) where there are time and space limitations accredited institutions may state the fact of accreditation as follows:

Accredited Members AICS, or Accredited by the Accrediting Commission of AICS.

Permissible also is the statement, or an approximation thereof, that:

"The Accrediting Commission of AICS is designated as a Nationally Recognized Accrediting Agency by the United States Office of Education under the Provisions of Public Law 82-550 and subsequent legislation which requires the evaluation of such agencies and issuance of an official list by that office."

Not permissible is the use of such statements as "fully accredited" nor "accredited" without including the name of The Accrediting Commission of AICS.

(i) A school will not use the term "accredited" unless it is in fact accredited by the Accrediting Commission of AICS or has affirmative authority under State law. Any reference to State Authority for status as "registered," "approved" or "accredited" must name the state extending the approbation and must accurately reflect the identity of the state agency.

4-1-300—SALES POLICIES AND PRACTICES

(a) The total price for any specific program offered by a school shall be the same for all persons at any given time, whether sold by mail or by personal solicitation, except for proper discounts to members of religious and government organizations, or to private organizations for quantity or group enrollments, and for bona fide special payment plans available to all students at the same time.

(b) Terms of payment may be varied by the school from time to time and from person to person, so long as the net price charged for the program at any given time and under any given payment plan remains the same for all persons.

(c) Announcements of price increases must be bona fide, must state the effective date of the price increase, and the price increase must be applicable to all enrollees thereafter.

(d) The word *Guarantee* shall not be used by any school for advertising or sales promotion purposes.

(e) Each school shall maintain placement assistance for its graduates. Such placement assistance service shall be *encouraged with respect to reciprocity among all AICS member schools.* A school shall not guarantee the placement or the starting salary of its graduates either directly or by implications.

4-1-400—FIELD REPRESENTATIVES

(a) A school must assume full responsibility for the actions, statements and conduct of its field representatives and must, therefore, select each of them with the utmost care, provide him with adequate training, and arrange for constant and proper supervision of his work.

(b) It shall be the responsibility of each school, through the medium of sales manuals, bulletins, or other similar means, to see that each of its field representatives is fully informed as to its courses and services, prices and terms, and operating policies.

(c) It shall be the responsibility of a school to conform to the laws and regulations of each of the states in which it operates, and in particular to see that each of its field representatives working in any such state is properly licensed or registered as required by the laws of that state.

(d) If a school's field representatives are authorized to prepare or place advertising, or both, or to use promotional materials, the school must accept full responsibility for the materials used and must approve them in advance of their use.

(e) Where field representatives are authorized to collect money from an applicant for enrollment, they must be required to leave with the applicant a receipt for the money collected and, unless the school has some other procedure by which a copy of the applicant's enrollment agreement is furnished him, such a copy must be left with the applicant by the field representative.

(f) A field representative of a school shall not be permitted to use any title that tends to indicate that his duties and responsibilities are other than they actually are or that he has special qualifications for guidance, counseling, etc., which he does not in fact possess or that are called for by the nature of his work.

(g) A school shall not permit its representatives to encourage any student to leave an educational institution where he is in attendance, nor shall any school seek to induce a student to change his plans after the student has signed an enrollment form and paid a registration fee to another school.

(h) A school and its representatives shall refrain from all statements relating to the character, nature, quality, value, or scope of educational programs offered by other schools, or the resources or ability of such schools to fulfill their obligations.

4-1-500—ENROLLMENT POLICIES AND PRACTICES

(a) It shall be the responsibility of a school to determine, with reasonable certainty, that an applicant for enrollment is fully informed as to the nature of the program he desires to take and as to what that training can reasonably be expected to do for him.

(b) It shall be the responsibility of a school to determine, with reasonable certainty, that each applicant for training is fully informed as to the nature of the obligation he is entering into and as to his responsibilities and his rights under the contract he has signed.

(c) It shall be the responsibility of a school to establish the qualifications which an enrollee must have to enable him to successfully assimilate the training to be furnished him, and to determine with reasonable certainty, in advance of the acceptance of his enrollment, that the applicant has the proper qualifications to take the training for which he is applying.

(d) The requirements for admission shall be graduation from a recognized high school or its equivalent. A high school transcript will be required for each student entering school in a diploma or degree program. Specially circumstanced students in government programs and students who are above the high school age limit and have discontinued public school attendance may, however, be admitted as special students at the discretion of the school.

(e) In any case where a school accepts an enrollment application from a person who does not meet the normal basic qualifications for acceptance, it should have a record of whatever correspondence has taken place with and about the applicant and of the reasons why he was permitted to enroll, and be prepared to justify its action in accepting the enrollment.

(f) A school shall not accept an enrollment from a person of compulsory school age, nor one attending a school of high school level, until and unless it shall have established through contact with properly responsible parties that pursuit of the course would not be detrimental to his regular school work.

4-1-600—FINANCIAL RELATIONSHIPS, TUITION, AND REFUND POLICIES

(a) Tuition and other charges shall be clearly stated in the institution's catalog or in a comparable publication made readily available to students and the general public. The existence of any separate or comparable publication containing tuition rates and other charges, refunds, and financial policies must be stated specifically in the catalog of the institution. This schedule of charges must be shown to be uniformly administered to all students.

(b) The financial record of the student shall show clearly the amount of money paid by the student and due from him for tuition and other charges.

(c) The enrollment agreement or catalog used by an institution must clearly outline the obligations of both the institution and the student and a copy of the enrollment agreement must be furnished the student either by the institution itself or by the institution's representative.

(d) REFUND POLICY: The institution must have a definite, equitable, and established refund policy which must be published in the catalog and uniformly administered to all students. The following applies as a minimum policy for all students in all institutions:

(1) NOTICE: Institutional regulations may reasonably require a refund request to be in writing; that it be made by the parent or guardian if the student is under age 21; and, that the date of withdrawal is the last date of recorded attendance.

(2) CANCELLATION PRIOR TO COMMENCEMENT OF CLASSES BY THE STUDENT: If tuition is collected in advance of entrance, and if the student does not begin classes, not more than $100 shall be retained by the institution. Appropriate refunds must be made within 15 days of the beginning date of the quarter or semester or 30 days after receipt of written notice that the student will not enter, whichever is the earlier.

(3) WITHDRAWAL AFTER COMMENCEMENT OF CLASSES BY THE STUDENT:

(i) For programs of more than three months (or one quarter) in length and up to one year (12 calendar months), in cases of withdrawal after commencement of classes by the student, the following refund policy will be acceptable:

During the first week of classes the institution may retain 10% of stated course price, thereafter,

During the next 3 weeks of classes the institution may retain 20% of stated course price, thereafter,

During the first 25% of the course the institution may retain 45% of stated course price, thereafter,

During the second 25% of the course the institution may retain 70% of stated course price, thereafter,

The institution may retain 100% of stated course price.

Percentage of course completion is to be computed on the basis of clock, quarter or semester hours as listed in the catalog. Units of credit earned is not the criteria in implementing this policy; rather, it is amount of time attended.

Any unused portion of the book fee will be refunded.

(ii) For programs longer than one year (12 calendar months) in length, 100% of stated course price attributable to the period beyond the first year will be refunded when the student withdraws during the prior period.

(iii) For programs of 3 months (or one quarter) or less, including so-called "short courses," a policy is encouraged which provides for a stated and equitable refund in bona fide cases of discontinuance for reasons clearly beyond the control of the student. Such an apportionment policy may include retention by the institution of a reasonable amount in excess of prorata charges for the time in actual attendance to partially compensate the institution for those expenses not diminished by the student's discontinuance.

(e) Any correspondence regarding cancellation and settlement between the student and the institution, banks, collection agencies, lawyers or any third persons representing the institution, must clearly acknowledge the existence of the cancellation and refund policy.

(f) If promissory notes or contracts for tuition are sold or discounted to third parties, the institution must comply with the cancellation and refund policy outlined in this section. Holders in due course are to be notified of the policies of the institution.

(g) Business practices used by the institution must reflect good taste and sound ethical procedures.

4-1-700--SCHOLARSHIPS

(a) Schools may participate in bona fide scholarship programs. Tuition deductions, partial scholarships, free services, or any plan which is merely a deduction from the published rates are not permitted. Bona fide scholarship programs shall be printed in the school catalog.

(b) Schools may offer scholarships or financial aid upon the following basis only:

(1) GENERAL scholarships may be granted provided the scholarship shall cover the total tuition charge for the entire period for which it is granted and which shall not be less than one academic year (9 months) in length. Only a high school graduate

recommended by his principal and by one character reference will be eligible for a general scholarship. The number of general scholarships offered by any school shall not exceed a ratio of one to every 25 students in regular daily attendance in the school. All other types of general scholarships are hereby forbidden.

(2) FUNDED scholarships are permissible when made available through funds granted by a recognized independent source external to the school, such as a trust fund or a business, professional, or civic organization.

(3) PARTIAL scholarships are prohibited except to the extent that a school may choose to grant a MATCHING scholarship equal in amount to a funded scholarship as defined above which does not cover total tuition for at least one academic year.

(4) All general, funded and matching scholarships from any source must be completely described in the school catalog with full information about the value, the number, the source and the basis for selection.

(5) Any scholarship which does not meet the above definitions and conditions will not be used *unless such scholarship program has been reviewed and specially approved in writing by both the Board and the Commission.* Any device or plan which is merely a deduction from the announced tuition rates of a school given in the form of scholarships or partial scholarships is prohibited.

(c) Schools will limit the use and application of the term "scholarship" to its publicly and generally accepted meaning. It is expressly prohibited for a school to refer to a fully paid tuition agreement as a "LIFETIME" or "FULLY PAID" scholarship.

(d) Financial aid in the form of a work-study program (so-called "work" or "service" scholarships) may be granted provided the duties performed are *bona fide* and the remuneration paid is not in excess of current local rates for comparable services. It is expressly prohibited for a school to refer to such financial aid as a scholarship.

(e) The regulations set forth in this section, and the word "scholarship" as used herein, shall not:

(1) prohibit any institution from providing matching funds or grants-in-aid in conjunction with any federal or state supported program of student financial aid when made in conformity with the requirements of such programs, or

(2) prohibit any accredited institution from making grants-in-aid or awarding full or partial scholarships provided that:

(i) the amount of aid expressed in dollars and the terms and conditions of such awards or grants are published in the college catalog and are applicable to all similarly situated students or prospective students, and

(ii) full details of the plan of scholarships, grants, and awards are submitted to the Commission for approval in advance of publication, and provided that such approval be continuing until or unless changes in the terms, conditions, or administration of such plans are made, or until or unless approval is revoked by the Commission.

The Executive Secretary is delegated authority to approve scholarship plans under sub-section (e)(2) above.

Chapter 2 PROCEDURES AND CRITERIA FOR EVALUATION OF INSTITUTIONS WITH SPECIALIZED OFFERINGS

Part 1 Objective

Part 2 Bases of Eligibility for Evaluation of Institutions with Specialized Offerings

Part 3 Procedures

Part 4 Specialized Criteria

4-2-100—OBJECTIVE. It is recognized that institutions primarily organized to train students for business careers may find occasion to better serve their constituency—the student, the community, and the employers—by providing certain supplemental learning opportunities in areas of selected nonbusiness skills.

To establish and maintain standards and insure appropriate quality for these specialized offerings in the accrediting process, the following definitions, procedures, and Criteria have been established.

4-2-200—BASES OF ELIGIBILITY FOR EVALUATION OF INSTITUTIONS WITH SPECIALIZED OFFERINGS

(a) Definition—A specialized offering shall be defined as a course or program not traditionally identified as a directly related business course or program. Examples of such specialized offerings may include, but are not limited to the categories of: basic electronic technology, elementary engineering skills, and other similar vocations.

(b) An institution to be eligible for consideration by the Accrediting Commission must be predominantly organized to train students for business careers.

If a department offers programs not traditionally classified as business as defined in (a) above, the number of students enrolled in such programs shall not exceed a full-time equivalent of 100 students or 40% of the total student body. Where these limitations are materially exceeded, the school or its nonbusiness department shall be deemed to be predominantly organized for purposes other than business, and therefore, must seek accreditation elsewhere.

4-2-300—PROCEDURES

(a) An accredited institution seeking to initiate a specialized offering shall file a letter of intent with the Accrediting Commission at least 30 days prior to the enrollment of any students in the specialized offering. This letter must include justification of the proposal backed by market survey data, the starting date, the approximate number of students to be enrolled, course outlines, physical facilities to be used, brochures, catalog descriptions, employment opportunities, and such other information as the Commission may deem appropriate.

(b) Within 10 days following the commencement of classes, the Commission will be notified of the exact class starting date, the number of students enrolled in the special offering, and the staff names and credentials.

(c) On receipt of the "start-notice," the Accrediting Commission shall initiate the accrediting process by providing the institution with a formal application for accreditation of the specialized offering. This formal application will include a self-evaluation questionnaire to be completed by the staff. This evaluation will provide details concerning the program and an examination of the validity of the institution's concern for specific local needs in providing this special area of education. The formal application and self evaluation must be returned to the Commission within 90 days from the date classes commenced.

(d) Nonaccredited applicant institutions which offer nonbusiness courses will be evaluated for their *total range* of programs and will be judged by these criteria as well as the *Operating Criteria for Accredited Institutions.*

(e) On receipt of the executed application and self-evaluation forms, the Commission will appoint a visitation team to conduct an on-site inspection of the institution and its special offering. This team shall include at least one representative from a similar institution accredited by the Accrediting Commission, one representative who is either a staff member of AICS, a Commissioner or Past Commissioner, and one Subject Specialist who possesses educational background and practical experience in the specialized field.

(f) The selection and qualification of examiners for specialized course offerings shall be determined by the Executive Secretary of the Commission. Subject Specialists shall include professionals with licenses, memberships, skills, reputation, and experience, and shall be qualified by law where applicable or required by the occupational objective. Through a careful selection of Subject Specialists, the Commission seeks to provide uniformity and consistency of the evaluation procedures.

The executed application and self-evaluation forms will be supplied to the visitation team for study prior to the on-site inspection and for verification and comparison during the evaluation.

(g) The Commission encourages sound innovative educational endeavors designed to serve the needs of the student and the community. On the other hand, it must remind the institution that because of its existing institutional accreditation, these specialized offerings must conform to the existing accreditation standards of the institution, where applicable, as approved by the Commission.

Accredited institutions must therefore understand that initiating a new program of special offerings may bring the entire institution's accreditation under review.

(h) Following the report of the evaluation team, the appropriate Commission Council will consider the application and make recommendations to the full Commission as provided in the *Operating Criteria for Accredited Institutions.*

(i) Should accreditation of the specialized offerings be withheld, the institution shall be notified, in writing, of the deficiencies and advised that appropriate corrections must be made prior to the completion of the first class, or not later than 9 months from the date classes commenced—whichever occurs first.

(j) In the event that the institution fails to correct the deficiencies to the satisfaction of the Commission, within the above prescribed time, the entire institution will be scheduled for reevaluation and the institution will be so notified.

(k) Each specialized offering in an accredited institution will be evaluated once independently and will then become a part of the regular accreditation cycle.

4-2-400—SPECIALIZED CRITERIA

4-2-401—*Philosophy and Objectives.* Each institution should clearly define the objectives of each specialized offering and should incorporate this definition into a statement which is a pronouncement of its particular role in the educational program of the institution. The institution's integrity is measured not only in terms of its stated purpose, but also in terms of its conscientious endeavor to fulfill the purposes of its specialized offerings. The formulation of the statement of objectives for a specialized offering is a major decision and basic changes should be made only after proper consideration and approval by the appropriate governing body. The faculty should be encouraged to take the initiative in recommending changes in these programs.

The faculty, physical plant, and educational program should be adequate and appropriate to meet the stated objectives of the specialized offerings. These objectives should contribute to the existing and projected needs of the local community.

4-2-402—*Specialized Offerings May Be Established in:*

(a) Business Schools

(b) Junior Colleges of Business

(c) Senior Colleges of Business

4-2-403—*The Educational Program.* The structure of specialized offerings should impart sufficient knowledge and develop adequate skills which fulfill the requirements for specific job objectives. Included also for successful instruction are well-defined instructional outcomes; the selection and use of varied types of traditional and contemporary experience and learning materials; and the use of varied evaluation instruments and procedures in an ongoing educational pattern.

4-2-404—*The Academic Staff: Instruction.* The academic preparation of each faculty member should be adequate for the particular area in which he teaches and include practical experience appropriate for the specialized course offerings. The institution will comply with all local, state, and federal requirements as to staff qualifications.

The faculty members should be encouraged to participate in continuous review and updating of course presentations.

4-2-405—*The Library and Instructional Materials.* In addition to the stipulations set down in the *Operating Criteria for Accredited Institutions,* the library should contain an adequate supply of books, periodicals, and other reference materials appropriate for the specialized offerings. In specialized offerings it is even more important that the facilities include adequate multimedia and audio visual equipment, films, and other teaching assistances for classroom instruction.

4-2-406—*Facilities.* Adequate classrooms, laboratories, and shop areas will be provided in accord with accepted educational standards. The facility will be well maintained and free from hazards and distracting noises. The institution will comply with all local, state and federal laws governing fire, safety, and sanitation.

Appropriate stations, equipment, and supplies for in-training experience should be available in sufficient quantities for adequate student participation.

4-2-407—*Admissions; Graduation; Placement.*

(a) Admission Policies—The admission policy shall conform to the institutional policy as provided in the *Operating Criteria for Accredited Institutions.*

Should the special offerings be an adult educational program or serve special students in a limited program not requiring high school graduation, the institution will develop and publish an admission policy consistent with the background normally required of those engaged in the occupation. This policy will be uniformly administered to all students and evidence will be maintained to show that the student is fully qualified to study the subject matter for which he is enrolled.

(b) Graduation and Awards—The institution shall confer certificates or diplomas for specialized offerings consistent with its objectives and in compliance with applicable state laws. Where state laws are silent with respect to the right of an institution to confer certificates or diplomas, the practice of the institution shall be consistent with the practices of post-secondary or collegiate education in the general geographic area in which the institution is located.

Requirements for graduation shall be clearly stated in the catalog of the institution or other comparable publication available to the general public and shall be uniformly applied.

(c) Placement—At the time of inspection the institution shall be required to submit full placement statistics or evidence of placement opportunities for graduates of these special offerings. These shall include a demonstration of the availability of job opportunities in this vocation and in the immediate geographic area. Also included in this report shall be a summary of the preliminary market analysis with respect to the basis for originating the specialized offering. The placement report shall be in such detail to allow the inspectors to conduct follow-up sampling of the effectiveness of the specialized offering.

Chapter 3 CATALOG CHECKLIST

A CHECKLIST OF REQUIREMENTS FOR AN ACCEPTABLE INSTITUTIONAL CATALOG

The Commission requires all accredited institutions and all applying institutions to publish or to cause to be published an acceptable catalog. It is the purpose of this *checklist* to aid the institution seeking initial or continued accreditation in publishing a "good" catalog.

No two educational institutions are alike; consequently, it is not reasonable to suppose that any two catalogs will be alike. Each institution differs from all others, and catalogs must reflect the differences. This comment is made so as to forestall any assumption that the way one school does a particular thing is the way others should do it.

As a general rule, catalogs are intended for many purposes and directed toward a varied audience. The reading public for which such publications are intended would include the enrolled students and their faculty advisers; officers of government and instruction in other colleges, particularly the registrars and admissions officers; prospective students and their parents; and high school principals, counselors, and guidance directors.

The catalog must be a symbol of dignity—it must not be primarily a promotional publication, nor should it be directed toward a particular segment of its varied audience. The catalog is, among other things, an announcement or a record, and it is also a chronicle and *legal document* of the institution concerned.

4-3-100—GENERAL CONSIDERATIONS

(1) A catalog or bulletin of general information should explain and inform; it should not glorify and extol.

(2) It should tell the essential story of its institution interestingly, unimpassionately, and succinctly.

(3) Since it may, in many instances, be the student's first introduction to the school concerned, it should be so written and printed as to make a good first impression.

(4) It should, in size or proportion, be easy to carry and convenient to file or to place between conventional bookends; in other words, it should not be elongated in girth and stunted in height, for printed abnormalities are annoying to normal readers.

(5) Attractive illustrations might be included; if they are used, they should generally pertain to the institution which publishes the catalog.

(6) It might contain a postage-paid card on which the interested reader may easily request additional publications, information, or an application blank.

(7) It should reflect the dignity of the institution it describes.

(8) Each individual institution must publish a *separate* catalog, the contents of which pertain specifically to the institution which it represents.

NOTE: Accredited institutions under the same ownership may publish a common catalog. Multiple school catalog requirements are contained elsewhere in the Supplement to Operating Criteria. Institutions contemplating utilization of a common catalog should consult the Commission office for information.

(9) It should *look* like a college catalog.

The catalog MUST contain the following items:

(10) A *Table of Contents* or an *Index*, or both.

(11) An *academic calendar* (calendar of events) showing beginning and ending dates of terms, quarters, or semesters; holidays, registration dates, etc.

(12) An indication, on the front cover, of the year or years (or other period of time) for which the catalog is effective.

(13) A listing of the *administrative officials* of the school or college, with titles and a statement of legal control.

(14) A statement of the philosophy and/or the *objectives* of the institution.

(15) The institution's *admission requirements*, policy, and procedures.

(16) A listing of the *full-time faculty* of the institution, showing

(a) degrees held

(b) institutions awarding the degrees

(c) for junior and senior colleges, the area of teaching specialization

(17) A statement of the *fees*, tuition, and/or regular and special charges.

NOTE: Items 16 and 17 should be printed in the catalog. If for some substantial reason such is not feasible, fees and other charges and full-time faculty may be listed on a separate enclosure or catalog insert, provided that such enclosures are printed, dated, and identified with the name of the institution. The insert must be identified as a part of the current catalog and the catalog must make reference to the insert. This supplement must be actually enclosed in *each* copy of the catalog.

(18) A statement of the institution's *refund policy*. This policy must be outlined clearly and must comply with 4-1-600(d).

(19) A statement of the curriculums or *programs offered*, including for each

(a) a statement of the objective or purpose of the curriculum

(b) an accurate and complete listing of the courses included in each curriculum

(c) the credit allowed for each subject (clock hours may also be listed)

(d) the total credits required for satisfactory completion of the program

(e) any addition or special requirements for completion (e.g. typing, shorthand, etc.)

(20) A description of each *subject* (course) offered, including

(a) identifying number

(b) title

(c) credit allowed

(d) prerequisites, if any

(e) a complete but concise description of the contents of the course (subject); the topics covered.

(21) A definition of the unit of credit used.

(22) A statement pertaining to the nature and extent of *student services* offered and the *extra-curricular activities* available.

(23) If the institution is now accredited, a statement to this effect (the statement must conform to the Commission's requirements; see the *Operating Criteria for Accredited Institutions).*

(24) An explanation of the grading or *marking system* employed.

(25) A complete and accurate listing of all scholarships offered (See 4-1-700).

Inclusion of the following items is encouraged—any or all of them would contribute to the completeness of the catalog:

(26) A listing of the *part-time faculty,* including the degrees held and the institutions granting the degrees.

(27) A description of the certificates, diplomas, and/or degrees awarded, together with a statement of the requirements to be met in each instance.

(28) A listing and explanation of any honors or prizes awarded; a listing of fraternities, sororities, and honor societies.

(29) A statement pertaining to housing accommodations if other than local students are enrolled; descriptions and pictures of dormitories.

(30) An historical account of the institution.

(31) A statement of official rules and regulations.

(32) A statement of the associations in which the institution maintains membership.

(33) A statement indicating whether the institution is public or proprietary, co-educational or men or women only, and whether it is a single proprietorship, a partnership, or a corporation.

4-3-200—MULTIPLE SCHOOL CATALOG CRITERIA

(a) All schools utilizing a common catalog must be of common ownership. *Institutions contemplating utilization of a common catalog should consult the Commission office for information.*

(b) Pictures of the physical facilities of any of the schools must be captioned to identify the particular school depicted; and if a picture of the classroom and administrative building and/or dormitory(s) of one school is used, pictures of the same facilities of the other school(s) must also be used and identified.

(c) The faculty and staff of each separate school and the members of the general administration exercising supervisory responsibility for the group of schools must be clearly identified with respect to each school and the overall administration.

(d) Any information contained in the catalog that is not common to all schools in the group should be presented in such manner that no confusion, misunderstanding, or misrepresentation is possible.

(e) In all other respects the catalog must comply with the existing Criteria of the Commission.

federal register

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PART I

THE NATIONAL ARCHIVES OF THE UNITED STATES 1934

HIGHLIGHTS OF THIS ISSUE

This listing does not affect the legal status of any document published in this issue. Detailed table of contents appears inside.

SCHOOLS—FTC proposes advertising and refund requirements for vocational and home study courses; comments by 11-15-74 . . . **29385**

FEDERAL TRADE COMMISSION

[16 CFR Part 438]

ADVERTISING, DISCLOSURE, COOLING OFF AND REFUND REQUIREMENTS CONCERNING PROPRIETARY VOCATIONAL AND HOME STUDY SCHOOLS

Proposed Trade Regulation Rule

Notice is hereby given that the Federal Trade Commission, pursuant to the Federal Trade Commission Act, as amended, 15 U.S.C. 41, et seq., the provisions of Part 1, Subpart B of the Commission's procedures and rules of practice, 16 CFR 1.11, et seq., and section 553 of Subchapter II, Chapter 5, Title 5, U.S. Code (Administrative Procedure), has initiated a proceeding for the promulgation of a Trade Regulation Rule concerning proprietary vocational and home study schools.

Accordingly, the Commission proposes the following Trade Regulation Rule:

PART 438—ADVERTISING, DISCLOSURE, COOLING OFF AND REFUND REQUIREMENTS CONCERNING PROPRIETARY VOCATIONAL AND HOME STUDY SCHOOLS

Sec.
438.1 Definitions.
438.2 The Rule.

AUTHORITY: 38 Stat. 717, as amended; (15 U.S.C. 41-58).

BEST COPY AVAILABLE

§ 438.1 Definitions.

For the purposes of this Part, the following definitions shall apply:

(a) *Seller.* (1) Any individual, firm, corporation, association or organization engaged in the operation of a privately owned school, studio, institute, office or other facility which offers residence or correspondence courses of study, training, or instruction purporting to prepare or qualify individuals for employment or training in any occupation, trade, or in work requiring mechanical, technical, business, trade, artistic, supervisory, clerical or other skills or purporting to enable a person to improve his skills in any of the above designated categories.

(2) Nothing in this Part shall be construed to affect in any way those engaged in the operation of not-for-profit residence or correspondence, public or private institutions of higher education which offer students at least a two-year program of accredited college level instruction which is generally acceptable for credit toward a bachelor's degree.

(b) *Buyer.* Any individual who purchases any correspondence or residence course of study, training, or instruction from any seller purporting to prepare or qualify individuals for employment or training in any occupation, trade, or work requiring mechanical, technical, business, trade, artistic, supervisory, clerical or other skills or purporting to enable a person to improve his skills in any of the above designated categories.

(c) *Total contract price.* The total price paid or to be paid by the buyer for the property or services including any and all equipment; ancillary services, such as but not limited to, charges for room and board which are the subject of the contract; and any finance charges determined in accordance with the Federal Reserve Regulation Z (12 CFR 226.4).

(d) *Course.* The term "course" means, but is not limited to education, training, or instruction consisting of a series of lessons or classes sold collectively, including lessons or classes which consist of several parts and are coordinated, arranged, or packaged to constitute a curriculum or program of instruction and sold collectively.

(e) *Combination course.* Any course that consists of both correspondence lessons and residence classes shall be treated as a residence course for the purpose of applying the advertising and disclosure requirements of this Part.

(f) *Enrollee.* A buyer who has affirmed his enrollment contract, whether or not he completes his course of study.

(g) *Failure to complete a course of study.* Includes any enrollee who drops out, is expelled, fails for academic reasons or does not complete a course within the time that is scheduled for that course's completion, including any enrollee who takes a leave of absence.

(h) *New course.* Any course of study which has substantially different course content and occupational objectives from any course of study previously offered by seller and which has been offered for a period of time less than three (3) months after the graduation of one class, if offered by a residence school, or less than three (3) months after the completion of one fiscal year, if offered by a correspondence school.

(i) *New school.* Any school that has been in operation for a period of time less than three (3) months after the graduation of one class if a residence school or less than three (3) months after the completion of one fiscal year, if a correspondence school.

§ 438.2 The Rule.

In connection with the sale or promotion of any course of instruction by a proprietary home study or residence vocational school in commerce, as "commerce" is defined in the Federal Trade Commission Act, it is an unfair method of competition and an unfair or deceptive act or practice for any such seller to fail to comply with the following requirements:

(a) *Employment and earnings claims.* (1) No written or broadcasted claim, direct or indirect, whether disseminated through the media, mails, or in any other manner shall be made with respect to:

(i) The general conditions or employment demand in any employment market now or at any time in the future; and

(ii) The amount of salary or earnings generally available to persons employed in any occupation.

(2) Unless it is substantiated according to the standards and confined to the format prescribed herein, no written or broadcasted claim, direct or indirect, disseminated through the media, mails, or in any other manner, shall be made with respect to:

(i) The specific employment opportunities available on demand for buyers who purchase seller's course of study; and

(ii) The specific amount of salary or earnings available to buyers who purchase seller's course of study.

(3) Written or broadcast claims subject to the exception in paragraph (a)(2) of this section shall be limited to claims substantiated by the seller's actual knowledge of his buyers' experiences in obtaining placement at specific salary levels in the employment positions for which seller's course of study prepares buyers. Actual knowledge shall be verified, at a minimum, by a list including the following information for each enrolled person who meets the requirements of paragraph (a)(4) of this section.

(i) His name, address and telephone number;

(ii) The name, address and telephone number of the firm or employer who hired each enrollee;

(iii) The name or title of the job position obtained;

(iv) The date on which the job position was obtained;

(v) His monthly or annual salary.

(4) Employment and earnings claims covered by paragraph (a)(2) of this section shall be confined to the following statements and no others, for each course for which such claims are made and if any one permitted statement is made, it shall be accompanied by the others:

(i) For correspondence courses of study, a statement of the total number of buyers whose enrollment terminated during the school's last fiscal year and who obtained positions of employment within three (3) months of leaving the school in job positions for which seller's course of study prepared them; a statement of the monthly or yearly range of salaries obtained by such buyers; a statement of the percentage ratio of such buyers by salary ranges to the total number of buyers who were enrolled in the seller's course during the last fiscal year; and a statement of the percentage ratio of such buyers who graduated, by salary ranges, to the total number of graduates who graduated from seller's course during the last fiscal year. For purposes of this subparagraph (i), the last fiscal year shall be the most recent fiscal year that terminated at least three (3) months before the claim is made.

(ii) For the residence courses of study, a statement of the total number of buyers whose enrollment terminated during the period that begins with the entrance and ends with the graduation of the school's most recent graduating class and who obtained positions of employment within three (3) months of leaving the school in job positions for which seller's course of study prepared them; a statement of the monthly or yearly range of salaries earned by such buyers; a statement of the percentage ratio of such buyers by salary ranges to the total number of buyers who were enrolled in the seller's course during the period that begins with the entrance and ends with the graduation of the school's most recent graduating class; and a statement of the percentage ratio of such buyers who graduated, by salary ranges, to the total number of graduates who graduated from seller's course during the period that begins with the entrance and ends with the graduation of the school's most recent graduating class. However, these statements must be based on the experiences of enrollees who resided at the time of their enrollment in the metropolitan area or State where the statements are made. For purposes of this subparagraph (ii) the most recent graduating class shall be that class which graduated at least three (3) months before the claim is made. *Provided however,* That where an employment or earnings claim covered by this paragraph (a) is made, the written or broadcasted claim must be presented so that each of the permitted statements appears in the same portion of the written or broadcasted claim and each is made in precisely the same form and with the same emphasis, including, but not limited to, the same size type or print, as all other statements covered by this paragraph (a).

(5) The foregoing (paragraph (a)(1) to (4)) shall not apply to any new course of instruction offered by seller or a course of study offered by seller at a

new school. In lieu thereof seller shall confine any advertisement or any representation covered by paragraph (a) to actual job commitments made in writing by businesses and other prospective employers, wherein such prospective employers indicate that they will offer a specific number of jobs at specific salaries to buyers who complete seller's course of study.

Provided further, That seller's advertisements and representations shall be limited to the following statements:

This school has not been in operation long enough or this course of study has not been offered long enough to indicate how many enrolled students will obtain employment in positions for which this course trains them. However, [number] employers have indicated that they will make available [number] jobs to students who complete this course of study. [Number] jobs represent [%] of our expected total enrollees which will be [number].

(b) *Affirmative disclosure of drop-out rate and placement record.* (1) After buyer has signed an enrollment contract seller shall make the following disclosures to buyer in the manner and method prescribed by paragraph (c) below:

(i) The total number of buyers who fail to complete the full course of study for the seller's most recent graduating class if a residence school or the seller's most recent fiscal year if a correspondence school.

(ii) the percentage of buyers who fail to complete the full course of study, expressed as the percentage ratio of the number of buyers who fail to complete the full course of study as defined in paragraph (b)(1)(i) above to the total number of buyers who enrolled in that course of study for the seller's most recent graduating class if a residence school of seller's most recent fiscal year if a correspondence school.

(2) If seller has made any oral, written or broadcasted earnings or employment representations to buyer then, after buyer has signed the enrollment contract, seller shall make the following disclosures to buyer in the manner and method prescribed by paragraph (c) below:

(i) For correspondence courses of study a statement of the total number of buyers whose enrollment terminated during the school's last fiscal year and who obtained positions of employment within three (3) months of leaving the school in job positions for which seller's course of study prepared them; a statement of the monthly or yearly range of salaries obtained by such buyers; a statement of the percentage ratio of such buyers, by salary ranges, to the total number of buyers who were enrolled in seller's course during the last fiscal year; and a statement of the percentage ratio of such buyers who graduated, by salary ranges, to the total number of buyers who graduated from seller's course during the last fiscal year. For purposes of this subparagraph (i) the last fiscal year shall be the most recent fiscal year that terminated at least three (3) months before the claim is made.

(ii) For residence courses of study a statement of the total number of buyers whose enrollment terminated during the period that begins with the entrance and ends with the graduation of the school's most recent graduating class and who obtained positions of employment within three (3) months of leaving the school in job positions for which seller's course of study prepared them; a statement of the monthly or yearly range of salaries obtained by such buyers; a statement of the percentage ratio of such buyers, by salary ranges, to the total number of buyers who were enrolled in seller's course during the period that begins with the entrance and ends with the graduation of the school's most recent graduating class; and a statement of the percentage ratio of such buyers who graduated, by salary ranges, to the total number of buyers who graduated from seller's course during the period that begins with the entrance and ends with the graduation of the school's most recent graduating class. However, this disclosure must be based on the experiences of enrollees who resided at the time of their enrollment in the metropolitan area or State where the disclosure is being made. For purposes of this subparagraph (ii) the most recent graduating class shall be that class which graduated at least three (3) months before the claim is made.

(3) For each of the disclosures covered by paragraph (b) above, seller shall maintain complete records as provided in paragraph (a)(3) above.

(c) *Method of making disclosure of drop-out rate and placement record.* (1) After buyer signs an enrollment contract, seller shall mail to buyer, by certified mail, return receipt requested, a written form, in duplicate, containing the following information, and none other, except the Affirmation Statement required by paragraph (e) below, in bold face type of at least ten (10) points for each course of study offered to the buyer.

DISCLOSURE AND AFFIRMATION FORM FOR [NAME OF SCHOOL]

DROP OUT AND PLACEMENT RECORD FOR [COURSE] FOR PERIOD [DATE] TO [DATE]

(1) Total enrollments [number].

(2) Total who failed to complete the course [number] (as provided in paragraph (b)(1)(i) above).

(3) Percentage who failed to complete the course [%] (as provided in paragraph (b)(1)(ii) above).

(Seller shall use number (4) below if no oral, written or broadcasted earnings or employment representations have been made. If seller has made oral, written or broadcasted earnings or employment representations to buyer, seller shall use numbers (5), (6), (7), (8), and (9) below).

(4) This school has no information on the number or percentage of its students who obtain jobs in the occupation for which we train them. Consequently, this school and its representatives have no basis on which to make any representations or claims about job opportunities available to students who take [name of course]. Prospective students are advised that enrollment in this course should not be considered vocational training that will result in employment in job positions for which this course offers instruction.

or,

(5) Total number of students who obtained employment in the position for which this course of study trained them [number] (as provided in paragraph (b)(2) above).

(6) Percentage of students who obtained employment in the position for which this course of study trained them [%] (as provided in paragraph (b)(2) above).

(7) Number and percentage of total enrollees who obtained employment in the following salary ranges [expressed in $100 increments for monthly salaries or $1,000 increments for yearly salaries]. [Dollars] to [dollars] per [month or year]: [Number] students which is [%] of total enrollees (as provided in paragraph (b)(2) above).

(8) Percentage of graduates who obtained employment in the position for which this course of study trained them [%] (as provided in paragraph (b)(2) above).

(9) Number and percentage of graduates who obtained employment in the following salary ranges [expressed in $100 increments for monthly salaries or $1,000 increments for yearly salaries]. [Dollars to dollars] per [month or year]: [Number] students which is [%] of total graduates (as provided in paragraph (b)(2) above).

(2) Where seller has instituted a new course of instruction or where seller has established a new school, the seller's disclosure as required by paragraph (b) of this section shall contain the following information, and none other, except the Affirmation Statement required by paragraph (e) below, in bold face type of at least ten (10) points.

IMPORTANT INFORMATION

This school has not been in operation long enough or this course of study has not been offered long enough to indicate how many enrolled students will complete their course of study or to indicate how many students who take this course of study will obtain employment in positions for which this course trains them.

Except that where the seller has received actual written job commitments from businesses and other prospective employers, seller may add the following statement to the disclosure required above:

However, [number] employers have indicated that they will make available [number] jobs to students who complete this course of study. [Number] jobs represent [%] percent of our expected total enrollees which will be [number].

(d) *Ten day affirmation and cooling-off period.* An enrollment contract be-

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See Appendices A and B for illustrations of Disclosure and Affirmation Forms for Correspondence and Residence Schools.

As most recent graduating class is defined in paragraph (a)(4)(ii).

As most recent fiscal year is defined in paragraph (a)(4)(i).

See Appendices A and B for illustrations of Disclosure and Affirmation Forms for Correspondence and Residence Schools.

See Appendices A and B for illustrations of Disclosure and Affirmation Forms for Correspondence and Residence Schools.

tween a seller and buyer will not be effective unless the buyer affirms that enrollment contract by signing and returning to seller the Disclosure and Affirmation Form specified in paragraph (e) below within ten (10) days of his receipt of that Form. If the buyer fails to affirm the enrollment contract within the ten (10) day period, seller shall consider the contract null and void, and within ten (10) business days of the expiration of the affirmation period, shall refund all monies paid by the buyer and cancel and return to buyer any evidence of indebtedness.

(e) *Disclosure and operation of ten (10) day cooling-off period.*[4] (1) After receiving from the buyer his signed enrollment contract, seller shall mail to buyer, by certified mail return receipt requested, a one page form, in duplicate, that contains the placement and drop out disclosures required by paragraphs (b)(1) and (2), above, in the form required by paragraph (c), above; and at the bottom of the same form the following unsigned Affirmation Statement printed in bold face type of at least ten (10) points:

Notice to the Buyer

The enrollment contract that you signed with [name of school] on [date] to enroll in [name of course] is not effective or valid unless you first sign this statement and return it to the above named school within ten (10) days from the time that you received this statement. You are free to cancel your enrollment and receive a full refund of any monies you have paid to the school by not signing or mailing this statement within ten (10) days. At the expiration of this ten (10) day period the school has ten (10) business days to send you your refund (if any) and to cancel and return to you any evidence of indebtedness that you signed. However, if you do want to enroll in the above named school, you should sign your name below and mail this statement to the school within ten (10) days. Keep the duplicate copy for your own records.

(Date)

(Signature)

(2) The Disclosure and Affirmation Form shall not contain any information or representations other than the drop out and placement disclosures provided by paragraphs (b)(1) and (2) of this section, above, and the Affirmation Statement in paragraph (e)(1) above. Seller shall not send any document or material to buyer other than the Disclosure and Affirmation Form during the ten (10) day affirmation and cooling-off period that commences with buyer's receipt of the Disclosure and Affirmation Form.

(3) Sellers who are subject to the provisions of this section are exempted from compliance with the Federal Trade Commission's Trade Regulation Rule concerning a Cooling-Off Period for Door-to-Door Sales effective June 7, 1974.

(f) *Refund upon cancellation.* (1) Upon cancellation of an affirmed contract the seller shall not receive, demand or retain more than a pro rata portion of the total contract price, plus a registration fee of five percent (5%) of the total contract price but not to exceed twenty-five dollars ($25).

(2) The pro rata refund shall be determined by dividing the number of classes attended by buyer or held up to the time of buyer's cancellation or, for correspondence courses, the number of correspondence lessons submitted by the buyer prior to cancellation, by the total number of classes or lessons contained in the course, and then by multiplying the total contract price by the result thereof. This amount shall constitute the buyer's total obligation. The difference between this amount and the amount the buyer has already paid the seller shall constitute either the buyer's refund or the amount of the buyer's remaining obligation to the seller.

(3) Within ten (10) business days of the date of notification of cancellation, the seller must provide the buyer with his correct refund payment, if any, and must cancel that portion of the buyer's indebtedness that exceeds the amount due the seller under the refund formula of this section.

(g) *Disclosure of cancellation and refund.* (1) The seller shall furnish the buyer with a fully completed copy of the buyer's enrollment contract and in close proximity to the space reserved in the contract for the buyer's signature, and in bold face type of at least ten (10) points, include the following statement:

Notice to the buyer: Do not sign this contract before reading the provisions under the caption "Cancellation and Refund".

(2) For correspondence courses of study, the seller shall include in the contract in bold face type of at least ten (10) points the following provision:

Cancellation and Refund

You are free to cancel this contract at any time. You will have to pay only for lessons submitted to the school plus a registration fee of five percent (5%) of the total contract price, not to exceed twenty-five dollars ($25).

You may cancel the contract by mailing or delivering to the school a signed and dated copy of the "Notice of Cancellation" sent to you by the school or by mailing or delivering to the school your own written letter of cancellation. Cancellation will be effective on the date of mailing or delivery. You may also cancel by failing to submit a lesson for ninety (90) days.

The amount you will have to pay for the lessons submitted will be determined by dividing the number of lessons submitted up to the time of your cancellation by the total number of lessons contained in the course. If, prior to cancellation, you have paid more than this amount plus the registration fee, the excess will be refunded to you within ten (10) business days.

(3) For residence courses of study, the seller shall include in the contract in bold face type of at least ten (10) points the following provision:

Cancellation and Refund

You are free to cancel this contract at any time. You will have to pay only for those classes the school has held prior to your cancellation plus a registration fee of five percent (5%) of the total contract price, not to exceed twenty-five dollars ($25).

You may cancel the contract by mailing or delivering to the school a signed and dated copy of the "Notice of Cancellation" sent to you by the school or by mailing or delivering to the school your own written letter of cancellation. Cancellation will be effective on the date of mailing or delivery. You may also cancel by not attending scheduled classes nor in any other manner utilizing the school's facilities for thirty (30) days.

The amount you will have to pay for those classes the school has held will be determined by dividing those classes held up to the time of your cancellation by the total number of classes contained in the course. If, prior to cancellation, you have paid more than this amount plus the registration fee, the excess will be refunded to you within ten (10) business days.

(4) For a combination correspondence and residence course of study, the seller shall include in the contract in bold face type of at least ten (10) points the following provisions:

Cancellation and Refund

You are free to cancel this contract at any time. You will have to pay only for those correspondence lessons you submitted to the school and those residence classes held by the school prior to your cancellation plus a registration fee of five percent (5%) of the total contract price, not to exceed twenty-five dollars ($25).

You may cancel the contract by mailing or delivering to the school a signed and dated copy of the "Notice of Cancellation" sent to you by the school or by mailing or delivering to the school your own written letter of cancellation. Cancellation will be effective on the date of mailing or delivery. You may also cancel by failing to submit a correspondence lesson for ninety (90) days or by not attending scheduled classes nor in any other manner utilizing the school's facilities for thirty (30) days.

The amount you will have to pay for the lessons submitted and the classes held will be determined by dividing those correspondence lessons submitted and those residence classes held up to the time of your cancellation by the total number of correspondence lessons and residence classes contained in the course. If, prior to cancellation, you have paid more than this amount plus the registration fee, the excess will be refunded to you within ten (10) business days.

(h) *Method of cancellation.* (1) After buyer has signed and affirmed an enrollment contract, seller shall furnish buyer with a postage pre-paid card, plus duplicate card, addressed to seller and captioned:

Notice of Cancellation

I hereby cancel this contract.

(Date)

(Buyer's signature)

The buyer's cancellation is effective on the date that the buyer mails or delivers to the seller a signed and dated copy of the above described cancellation notice or any other written notice or, in the alternative;

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[4] See Appendices A and B for illustrations of Disclosure and Affirmation Forms for Correspondence and Residence Schools.

(2) The buyer's cancellation is effective on the date that buyer gives the seller constructive notice of his intention to cancel his contract by failing to attend residence classes or failing to utilize residence instructional facilities for such a period of time, of 30 days or less, that the seller should reasonably conclude that the buyer has cancelled the contract; or for correspondence courses of instruction, by failing to submit a lesson for any period of 90 days.

(i) *Packaged courses and or services.* Where seller offers a course of instruction involving two or more segments, and sells them together as a unit at a single price, then seller shall add the segments together and use the entire period in calculating buyer's refund, even if one or more of the segments is offered as "free". Where seller offers a course of instruction consisting of both correspondence lessons and residence classes, the total number of lessons and classes shall be added together for the purpose of calculating the refund.

APPENDIX A—DISCLOSURE AND AFFIRMATION FORM (FOR CORRESPONDENCE SCHOOLS THAT HAVE MADE EARNINGS OR EMPLOYMENT REPRESENTATIONS)

(Name of school)

DROP OUT AND PLACEMENT RECORD FOR AIR CONDITIONING AND REFRIGERATION COURSE FOR THE PERIOD JANUARY 1, 1973 TO DECEMBER 31, 1973

1. Total enrollees—1,500.

2. Total who failed to complete the course—1,050.

3. Percentage who failed to complete the course—70 percent.

4. Total number of students who obtained employment in the position for which this course of study prepared them—60.

5. Percentage of students who obtained employment in the position for which this course of study prepared them—4 percent of total enrollees.

6. Percentage of graduates who obtained employment in the position for which this course of study trained them—11 percent of graduates.

7. Number and percentage of total enrollees and graduates who obtained employment in the following salary ranges:

$5,000-$5,999 per year: 30 students which is 2 percent of total enrollees and 7 percent of total graduates.
$6,000-$6,999 per year: 30 students which is 2 percent of total enrollees and 7 percent of total graduates.

Notice to the buyer: The enrollment contract that you signed with (name of school) on (date) to enroll (name of course) is not effective or valid unless you first sign this statement and return it to the above named school within ten (10) days from the time that you received this statement. You are free to cancel your enrollment and receive a full refund of any monies you have paid to the school by not signing or mailing this statement within ten (10) days. At the expiration of this ten (10) day period the school has ten (10) business days to send you your refund (if any) and to cancel and return to you any evidence of indebtedness that you signed. However, if you do want to enroll in the above named school, you should sign your name below and mail this statement to the school within ten (10) days. Keep the duplicate copy for your own records.

(Date)

(Signature)

APPENDIX B—DISCLOSURE AND AFFIRMATION FORM (FOR RESIDENCE SCHOOLS THAT HAVE MADE EARNINGS OR EMPLOYMENT REPRESENTATIONS)

(Name of school)

DROP OUT AND PLACEMENT RECORD FOR COMPUTER PROGRAMING COURSE FOR THE LAST GRADUATING CLASS (JANUARY 2, 1973 TO JUNE 29, 1973)

1. Total enrollees—200.

2. Total who failed to complete the course—150.

3. Percentage who failed to complete the course—75 percent.

4. Total number of students who obtained employment in the positions for which this course of study prepared them—20.

5. Percentage of students who obtained employment in the positions for which this course of study prepared them—10 percent of total enrollees.

6. Percentage of graduates who obtained employment in the position for which this course of study trained them—35 percent of graduates.

7. Number and percentage of total enrollees and graduates who obtained employment in the following salary ranges:

$5,000-$5,999 per year: 10 students which is 5 percent of total enrollees and 17 percent of total graduates.
$6,000-$6,999 per year: 10 students which is 5 percent of total enrollees and 17 percent of total graduates.

Notice to the buyer: The enrollment contract you signed with (name of school) on (date) to enroll in (name of course) is not effective or valid unless you first sign this statement and return it to the above named school within ten (10) days from the time that you received this statement. You are free to cancel your enrollment and receive a full refund of any monies you have paid to the school by not signing or mailing this statement within ten (10) days. At the expiration of this ten (10) day period the school has ten (10) business days to send you your refund (if any) and to cancel and return to you any evidence of indebtedness that you signed. However, if you do want to enroll in the above named school you should sign your name below and mail this statement to the school within ten (10) days. Keep the duplicate copy for your own records.

(Date)

(Signature)

All interested persons, including the consuming public, are hereby notified that they may submit written data, views or arguments concerning the proposed rule with the Special Assistant Director for Rulemaking, Federal Trade Commission, Washington, D.C. 20580 not later than November 15, 1974.

All interested persons are also hereby given notice of opportunity to orally present data, views or arguments with respect to the proposed rule at public hearings to be held in the following places on the dates below and commencing at 10 a.m. on each of the days specified.

1. Boston, Massachusetts

Auditorium Room 304
J. W. McCormack
Post Office and Court House Building
Post Office Square
Boston, Massachusetts

Public hearing will be held on November 18, 19, and 20, 1974.

2. New York, New York

2200 Hearing Room C
2243 EB Federal Building
26 Federal Plaza
New York, New York

Public hearing will be held on December 2, 3, and 4, 1974.

3. Washington, D.C.

Room 532
Federal Trade Commission
Sixth and Pennsylvania Avenue, NW.
Washington, D.C.

Public hearing will be held on December 16, 17, and 18, 1974.

4. Chicago, Illinois

Room 1665
Everett McKinley Dirksen
Federal Building
219 South Dearborn Street
Chicago, Illinois

Public hearing will be held on January 13, 14, and 15, 1975.

5. San Francisco, California

Room 12138 a
Federal Building
450 Golden Gate Avenue
San Francisco, California

Public hearing will be held on January 27, 28, and 29, 1975.

6. Los Angeles, California

Room 13209
Federal Building
11000 Wilshire Boulevard
Los Angeles, California

Public hearing will be held on February 3, 4, and 5, 1975.

Any person desiring to orally present his views at any of the scheduled hearings should so inform the appropriate representative listed below not later than seven (7) days prior to commencement of the particular hearing at which the person wishes to be heard. Reasonable limitations upon the length of time allotted to any person may be imposed and persons wishing to deliver prepared statements will be required to file such statements with the appropriate representative listed below. To the extent practicable persons wishing to file written presentations in excess of two pages should submit twenty copies.

1. Boston, Massachusetts 02114

Mr. Marc A. Comras
Federal Trade Commission
150 Causeway Street

2. New York, New York 10007

Ms. Alice T. Petizon
Federal Trade Commission
26 Federal Plaza
22nd Floor

3. Washington, D.C. 20580

Mr. William D. Dixon
Federal Trade Commission
633 Indiana Avenue, NW.

4. Chicago, Illinois 60603

Mr. Jerome S. Lamet
Fereral Trade Commission
Suite 1437
55 East Monroe Street

5. San Francisco, California 94102

Ms. Seela Lewis
Federal Trade Commission
450 Golden Gate Avenue

6. Los Angeles, California 90024

Mr. Kendall H. MacVey
Federal Trade Commission
13209 Federal Building
11000 Wilshire Boulevard

The data, views or arguments presented with respect to the proposed rule will be available for examination by interested parties in Room 130 of the Division of Legal and Public Records, Federal Trade Commission, Washington, D.C., and will be considered by the Commission in the establishment of a Trade Regulation Rule.

All persons, firms, corporations or others engaged in the operation of a proprietary vocational or home study school in commerce as "commerce" is defined in the Federal Trade Commission Act may be subject to the requirements of any Trade Regulation Rule promulgated in the course of this proceeding.

Issued: August 15, 1974.

By the Commission.

[SEAL] CHARLES A. TOBIN,
Secretary.

[FR Doc.74-18724 Filed 8-14-74;8:45 am]

PROPOSED TRADE REGULATION RULE

Correction

In FR Doc. 74-18724 appearing in the issue of Thursday, August 15, 1974, make the following changes:

1. In the second line of 438.2(a)(2)(i) on page 29336 the word "on" should read "or".

2. The sixth line of 438.2(b)(1)(ii) on page 29387 reading "paragraph (b)(i)(4) above to the total" should read "paragraph (b)(i)(1) above to the total".

3. In the tenth line of 433.2(b)(1)(ii) on page 29387 the word "of" should read "or".

EXHIBIT 1a

Bulletin

(Formerly United Business Schools Association)

Association of
Independent Colleges and Schools
Richard A. Fulton, Executive Director

Accrediting Commission
Dana R. Hart, Executive Secretary

1730 M STREET, N.W. WASHINGTON, D.C. 20036 202/659-2460

No. 74-9 August 30, 1974

FTC MANIFESTO

The irritation and frustration experienced by every responsible proprietary school administrator after a first reading of the FTC proposed Trade Regulation Rule is very understandable. One is tempted to characterize the whole thing as absurd or preposterous.

But studied reflection provokes some deeper analysis of what is involved and what the FTC is trying to do about factual situations which they have documented. A number of thoughtful AICS school people have shared with me very sincere reactions to the FTC proposals.

In most every case the objection is not to what the FTC wants to accomplish. Rather the objection is to the way or the specific means through which it would be done. No responsible person wants to inhibit the FTC from establishing reasonable means to help prevent a student from being bilked. The only question seems to be how can we cooperate with the FTC so that the worthwhile goals can be achieved through reasonable means.

SPEECH BY FTC CHAIRMAN

Enclosed is a reprint of an important policy speech by FTC chairman Lewis A. Engman. After reading it and analyzing it, I suggest you will agree that the proposed vocational school Trade Regulation Rule is no isolated ad hoc, shoot-from-the-hip panacea. Although the FTC staff have failed to isolate the qualities to be measured and have failed to establish fair testing procedure does not deny the validity of the problem of deceptive and misleading advertising and the need for a solution now. From the Engman speech it is apparent the proposed vocational school TRR is but one of a "line of case" in a carefully reasoned sequence.

****

AICS RESPONSE

President Lauren Rhude has announced that we look forward to the announced FTC hearings as opportunities to provide the FTC with relevant information and expert opinion about how we think both students and schools can be protected. Often good schools are damaged also by bad schools. AICS is not interested in "fighting" the FTC. We do seek to have the FTC examine all the major facts before any final decision on what qualities can and should be measured or of what really constitutes fair testing procedures.

However questionable or possibly, perhaps, unethical the use by the FTC at a press conference of crude undifferentiated withdrawal figures may have been does not diminish the dimensions of the problem. Up until now the legal position of the schools and the FTC has been subordinate to public pronouncements in the privileged forum of the FTC itself. However, we are now moving from a one-sided debate before the cameras to identification of legal issues. Now the true facts will supersede the manner by which press conference posturing has given the issue notoriety.

FTC ASSUMPTIONS

The Engman speech states: *"Products are not made locally so that a purchaser cannot rely on his own personal experience with the craftsmen."*

Perhaps this is true for some schools. Possibly it could refer to a nationally operated correspondence school. On the other hand, the entire enrollment in 500 AICS schools is probably less than 150,000 students. The average AICS school enrolls only about 200 students. Very likely the facts will show that the small residential business school is locally oriented with a curriculum carefully tailored to the needs of the employers and students in that particular community.

This is the type of thing which should go into the hearing record.

The FTC has lumped all 10,000 proprietary schools together into a category which they call vocational. Actually we know that there are many levels of complexity and different types of vocational programs offered in proprietary schools. To treat all proprietary schools as being the same in program, complexity or type of educational activity is to indulge in what Engman calls "non-comparable terminology." If assuring standardized terms of reference in the market place is a proper and important function of government, as the FTC chairman says it is, then the FTC itself must re-examine its use of the term "vocational school."

We also may wish to point out just what does constitute the "market place" for AICS schools. Is it the same for all proprietary schools? Do all vocational schools compete for the same students? Do some or most AICS schools compete with only each other for students, or do they compete directly with the public and nonprofit colleges in the student universe?

These are just some of the issues which likely will be raised by AICS in its presentation to the FTC.

WHAT ABOUT STATE AND REGIONAL ACTIVITY

President Rhude has called a special meeting of the Board of Directors for September 17-18 in Chicago. At that time we hope to identify other issues which we hope can be utilized by state and regional associations in their own presentations to the FTC. Meanwhile you may wish to establish whether or not your state licensing board, your degree granting authority, or your 1202 Planning Commission intends to speak out on your behalf in the course of the FTC hearings.

Plans are underway to coordinate the AICS position with state and regional associations. Sometimes these organizations include more than just business schools. One of the issues your Board must deal with is to establish if our concerns are identical or partially distinct from some or other proprietary schools.

****

AICS BOARD NEEDS INPUT

Possibly your state or regional association disagrees with the basic AICS position announced by President Rhude. If so, let us know in time for the Board meeting, September 17-18. Meanwhile, begin to identify how your state or regional group can accumulate facts for an appearance before one of the FTC hearings in your area on such issues as:

- What is the "key information" which a school should disclose.
- Have "standardized terms" been established, and what should they include.
- Are the presently proposed Trade Regulation Rules the result of:
    - isolating the qualities to be measured, and,
    - establishing fair testing procedures.
    - Using comparable or non-comparable terminology.

- To what degree are all proprietary schools in your state the same or different by:
    - complexity of educational program
    - method of educational delivery
    - sophistication of educational level.
- What are the real economic factors in support of a particular pro-rata refund formul that balance the equities between the student who withdraws, the student who remains, and the school itself.
- Is your curriculum a product "not made locally so that a purchaser cannot rely on his own personal experience with the craftsman."
    - How many generations in the same family have attended your school?
    - Are your students from your community?
    - Are your graduates locally employed?
- Is a "withdrawal" as used by the FTC in the proposed TRR:
    - a standardized term
    - the quality to be measured
    - a fair testing procedure.
    - necessarily mean the same thing for each student who does not graduate
    - really a "job out."

Given issues such as those, are you ready to PROVE your response and file your comment by November 15, 1974? Is your group planning on oral presentations at one of the six stated locations?

BUILDING A RECORD IS NECESSARY

AICS is not "fighting" the FTC. We hope that we can contribute to the record of these proceedings so that the FTC itself will have a rational and justifiable basis to revise the proposed TRR to better serve the sincere students and the good schools.

Let's all work toward building a good record in these hearings.

ADDRESS BY LEWIS A. ENGMAN
CHAIRMAN, FEDERAL TRADE COMMISSION

BEFORE THE ANNUAL MEETING OF THE ANTITRUST LAW SECTION
AMERICAN BAR ASSOCIATION
HONOLULU, HAWAII
AUGUST 14, 1974

For years, economists and antitrust lawyers have debated the effect of advertising on competition.

It has not been an idle discussion.

Last year, American business spent $25 billion on advertising. That's a lot of copy, a lot of air time, a lot of information and a good deal of persuading — enough, I submit, to warrant careful examination of its consequences.

Those who have examined the matter tend to divide into two schools of thought. One holds that advertising is anti-competitive, that it builds durable brand preferences which act as barriers to potential new entrants, and that, by differentiating otherwise homogeneous products, it creates self-perpetuating market power which confers the ability to raise prices.

Proponents of the opposing view argue that advertising is the agent through which new brands become known; that it is, therefore, an avenue of access for new entries; and that it provides the marketplace with information the consumer must have to make a rational choice among competing products. In other words, that advertising is a battering ram rather than a barrier.

There are some impressive studies that support the latter view.

One study compared prices of eyeglasses in states which permit advertising to prices in states where advertising is forbidden. You will not be astounded to learn that eyeglasses were 25% to 100% more expensive in states where sellers were not permitted to advertise.

Another study examined the effect of television advertising on the price of toys. Prior to the use of television advertising, the average toy with a list price of $5 tended to retail for pennies under that amount. After manufacturers began to advertise on television, the actual sales price of the $5 list price-toy fell to an average of $3.49. Most telling was the fact that in those cities where there was no television advertising, prices did not fall at all.

In these two instances, price advertising clearly had pro-competitive consequences. But it is a gaint, economy-size jump from those findings to the general conclusion that all advertising aids competition.

Advertising — and I am using the term "advertising" in its broadest sense to include labeling and other point of sale information — conveys many kinds of information, of which price information is only one. Other information deals with quality, durability, utility and style and stretches across a wide spectrum of subjectivity and substantiability. Some advertising appears to have little or no information content other than that the manufacturer exists and that its product, the desirability of which is suggested, is available.

Since advertising's competitive consequences flow from its provision of information and the character of that information varies so greatly, the relevant question may not be whether advertising is pro-competitive or anti-competitive, but what kinds of advertising are pro-competitive and what kinds are not.

We can begin by establishing that opposite effects exist at the extremes.

One extreme is the "perfect" market situation in which products are fungible — or nearly so — and all consumers have equal access to all producers. Under these circumstances, accurate information regarding quantity and price unquestionably will be pro-competitive.

At the opposite extreme is false advertising superimposed upon all the inertial characteristics of an imperfect market. In this situation, the effect of misleading information conveyed by advertising probably would be anti-competitive.

But what of the area in between — the real world. There, things are not so clear.

To determine advertising's consequences in this area, I think it is useful to back off from the antitrust lawyer's traditional preoccupation with competition and to look for a moment at why we are concerned with whether advertising contributes to it or detracts from it. Why — in other words — is competition desirable?

We care about competition because we expect it to produce a higher level of consumer satisfaction than any other state of affairs. Through competition we expect to achieve quality responsive to consumer wants at minimum prices along with a sustained high level of economic activity.

But because economic theory binds the means (competition) and the end (low prices, high quality and a high level of economic activity) so tightly in a causal relationship, we tend to measure only the causal factor — in other words, to focus on the means rather than the desired end.

In a perfect market, this tendency would be reasonable. But the perfect market is a fiction, an academic tool — it exists rarely, if ever, in the real world. We must ask ourselves, therefore, not just the abstract question whether advertising promotes competition, but whether it furthers our ultimate social and economic goals.

I submit that some does, and some does not.

This is because advertising does not always provide all relevant information useful to an intelligent consumer in order to make a rational choice.

There are those who take issue with that statement. They argue that the content of ads accurately reflects the consumer's own priorities.

They argue that the consumer gets what he wants and, presumably, what he deserves. This is a nice theory — but, as with most theories, it is also a nice oversimplification.

There is, of course, good reason to believe that — as a general rule — market forces themselves produce roughly the right kind and right amount of information. Indeed, information itself may be seen as an economic good that will respond to forces of supply and demand and that involves costs to produce. But it does not follow that market forces alone produce optimal information. The general rule has its exceptions.

Sometimes the consumer is provided not with the information he wants but only with the information the seller wants him to have.

Sellers, for instance, are not inclined to advertise negative aspects of their products even though those aspects may be of primary concern to the consumer, particularly if they involve considerations of health or safety.

You might sell seven lean years to a pharaoh if you never mention hunger.

That should be fairly obvious.

What is not so obvious is that there are other circumstances under which sellers do not always provide consumers with relevant information.

One is that in which the "free rider" principle is operative — that is, where some significant portion of the resultant sales would accrue to competitors. A manufacturer with backlogged orders will not be interested in spending money to advertise if he knows that most of the demand he creates may be filled by competitors who have idle capacity.

Information shortfall also occurs where laws or agreements limit the amounts or kinds of information in the market.

For example, doctors, lawyers, pharmacists and funeral directors for many years have maintained conspiracies of silence about fees. In some cases the assistance of the state has been obtained to suppress this information. When a consumer is sick, in trouble with the law or disposing of a relative's remains, he is in no frame of mind to shop around. And yet, that is what he currently is required to do if he wants to compare prices.

Finally, there are situations where information may be available, but it gets lost in translation where different words are used to describe the same characteristic and the terms employed have no fixed meaning. The lack of usable information regarding price and quality reduces the likelihood for informed consumer choices among available alternatives.

I see little or no justification for withholding accurate price and quality information from the marketplace.

We have many laws to protect the consumer from errors of fact in advertising. But we have few laws to protect him from errors of omission, from what he isn't told at all.

What then are the consequences of the fact that advertising provides the market with only selective information?

The result is that the ability of the consumer to elicit higher quality and lower prices through the exercise of his purchasing discretion is diminished.

Now this may not be anti-competitive behavior in the narrow sense that we antitrust lawyers use the words. But certainly its consequences are not much different.

The distinction between higher prices and lower quality resulting from competitive abuses and higher prices and lower quality resulting from inadequate market information is, I submit, a distinction between means rather than ends and probably of little interest to anyone but lawyers.

Assuming an imperfect market producing imperfect results, what can — and should — the government do to ensure that advertising does contain the kind of information that will produce the social and economic benefits attributed to competition by economic theory?

It is a very complex problem. There are so many possible combinations of products, industries and advertising techniques that it may be impossible to develop regulatory rules of thumb which address themselves to all cases without working grave injustices on the exceptions.

But there are some approaches which I believe ought to be considered. Some in fact have already been implemented on a modest scale.

These approaches are consistent with the view that advertising is pro-competitive when it provides the consumer with useful information. They are consistent with the limited competence of government to act in this area. And they are consistent with my personal philosophy that there is no more efficient and beneficial allocator of resources than an unencumbered market fueled by the free flow of information.

The direct approach is for the government to elicit information from advertisers, at least in those situations where the market has not produced full information on its own.

This can be done in any of several ways, depending on the particular informational deficiency that is identified.

The government, for example, can act as a pump primer by developing and disseminating information that market forces seem unlikely to produce. This, as you will recognize, is not an entirely new concept. The government already provides some information on gas mileage of automobiles and on the tar and nicotine content of cigarettes. Non-governmental interest groups have also provided information on other features such as the nutritional value of foods.

I emphasize that the market itself provides a check on the validity of this form of government activity.

If there is public demand for the information provided by the government, producers will feel pressured to provide it themselves as soon as the public comes to expect it. That is the pattern we have already seen. The government's role need not be lingering in any single industry. It could move in where problems appear, prime the information pump, and move on.

Information could also be made available by requiring manufacturers to provide information about their products or services which the government would then publish.

Another alternative, which I have mentioned on other occasions and which I tend to favor, is to compel companies to disclose key information to the public directly. This has been the approach in connection with the Commission's trade regulation rule on posting octane numbers and with its proposed rule on vocational schools, announced last week. It is the approach of the Truth in Lending Act, and it is the approach to be found in many Commission cease and desist orders.

As I noted earlier, however, none of this information will be of full benefit to the consumer unless it is in a form which permits him to make direct product to product comparisons.

There is also a need, therefore, to make available standardized terms describing performance characteristics. This is the second basic approach available to government to cure the problem of imperfect information in advertising.

Assuring standardized terms of reference in the marketplace has been a proper and important function of government at least since the Middle Ages.

Prior to the passage of the Fair Packaging and Labeling Act, for example, we had giant economy size quarts in the corner grocery store. And prior to comprehensive state weights and measures legislation, we had large-scale confusion regarding basic measurement units.

Just as there was a need for weights and measures laws to provide consumers a common reference point, there is a need in the current marketplace of more sophisticated products for standardized reference terms to describe what advertising copy sometimes obscures. This, for example, is what the Commission's rule on the power output of hi-fi amplifiers is all about.

In this regard, I am personally intrigued with and very sympathetic to the test protocol approach taken by Senator Magnuson in S. 3377, the recently introduced "Consumer Protection Product Testing Uniformity" bill. I suggest that this kind of approach could provide a helpful spur to the forces of healthy competition.

I recognize that these suggestions are not problem free.

If the government is to supply or elicit information, it must confront the problem of isolating the qualities to be measured.

There will also be the problem of establishing fair testing procedures.

But the question is not whether there would be problems, but whether the problems would be greater than those presented by the alternatives.

Before I sit down, let me just take a moment to meet the anticipated charge that some of my suggestions may constitute just one more instance of the government's meddling with our free enterprise system.

I believe, as I have said earlier, in free markets and in competition.

Too often, however, free market economists make the mistake of assuming free markets and competition to be a natural state of affairs. The corollary of this assumption is that any injection of the government into the marketplace is a move away from free markets and from competition.

I just don't believe that.

As I pointed out earlier, there are instances when market forces do not produce the optimal amount or kind of information. The free rider problem, legal restrictions against price advertising and non-comparable terminology are only a few examples of this.

Government action is these instances could well improve the operation of the market and improve the economic welfare of consumers, which, after all, is the ultimate goal of our competitive system.

It is, in short, a mistake to assume that – in 1974 – the untended market always produces the "best" result.

There is a vast difference between the marketplace that exists now and that which exists on the pages of Adam Smith's "The Wealth of Nations." Products are not made locally so that a purchaser cannot rely on his own personal experience with the craftsmen. More effective advertising is shaping the consumer's choice regardless of the intrinsic merit of the product. And today's government policies must cope with these changes if Adam Smith's objectives – that is, an efficient marketplace and low prices – are to be achieved.

The options for a selective and limited governmental role which I have raised would neither reduce competition nor diminish freedom in the marketplace. On the contrary, they would shore them up with an injection of a most vital component – information.

It seems to me an anomaly that in an age which prides itself on the progress it has made in gathering and disseminating information we should find that the impact of this progress in the commercial world has been confined largely with improving the technology of communication and not with improving the value of what is being communicated.

I cannot prove it, but I sense that this continuing contradiction between dazzling technological capability and dismaying substantive communication is one reason for the dissatisfaction with advertising and big business which keeps registering in the public opinion polls.

My instincts tell me that the contradiction is building consumer frustration. People fully realize that national advertisers have at their disposal the most effective communications tools ever created. So why don't they use them to provide useful, straightforward product information?

If you cherish the free enterprise system as much as I do, you ought to ask yourselves the same question. And you should give some thought as to how we can remedy this situation to the benefit of that system and to the people.

FEDERAL TRADE COMMISSION
WASHINGTON D C 20580

OFFICIAL BUSINESS

POSTAGE AND FEES PAID
FEDERAL TRADE COMMISSION

EXHIBIT 2

July 23, 1973

Dr. Harold Orlans
Senior Research Associate
National Academy of Public Administration
1225 Connecticut Avenue, N.W.
Washington, D.C. 20036

Dear Harold:

This letter relates back to our luncheon conversation of July 12, 1973, during which time you requested I enumerate in greater detail the four categories of Federal programs involving student aid and support and how they may or may not relate to accreditation.

Below I have attempted to set out four categories. These categories are:

Group I - Direct Beneficiary Entitlement Programs

Group II - Third Party Beneficiary Contract Training Programs

Group III - Institutionally-Based or Oriented Programs

Group IV - Miscellaneous

I suppose one could put in a fifth category and that is either the cash and carry student or the employer reimbursement student or the contract trainee of an employer-sponsored program. Since Federal money does not flow in these programs, it's hard to tie them down. Generally speaking there is some sort of loose reference to accreditation in the employer reimbursement or contract programs. Some years ago there was a tendency to interpret accredited as meaning regionally accredited. However, that has ceased being an issue and the USOE list of accrediting agencies apparently now suffices.

If you look at these four categories in a historical light, I think it is apparent that two very old programs, the Student Dependency and Indemnity Compensation for Veteran's Children, a direct beneficiary program; and the Vocational Rehabilitation Act of 1921 which is a third party beneficiary contract program, both have no mention whatsoever of accreditation. The former reposes authority in the administrator of the VA to approve the institution. The latter program gives the local welfare or social worker complete authority to contract on such terms and with such institutions as seem appropriate. Let me urge you to not confuse the Student Dependency and Indemnity Compensation for

July 23, 1973

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Dr. Harold Orlans
National Academy of Public Administration

Veteran's Children program, which is directly administered by the Veteran's Administration and which has direct approval authority, with the three other programs in which approval is administered indirectly through the State Approval Agent system. Those are the G.I. Bill, the War Orphans and the War Widow. It is a separate program.

It would seem the closer one gets to the USOE for administration of the program the greater proclivity to include some reference or utilization of accreditation. For example, MDTA which is jointly administered by HEW and the Department of Labor has some reference to accreditation in the regulations dealing with institutional training but it is not in the statute. On the other hand, Vocational Rehabilitation, Government Employees Training Act, Veteran's Vocational Rehabilitation (again this is a separate VA program), the WIN Program under the Social Security Program, have no reference to accreditation.

The only third party beneficiary contract training program* in which accreditation is mentioned in the statute is the Vocational Education Act of 1963 as it was amended in 1968. The Act had contract authority from its inception in 1963 but there was an amendment in 1968 defining a 'private vocational training institution. The language of the definition essentially follows the definition of an eligible institution which is a vocational school under the Insured Loan Act. Why, is another whole discourse in political science which we can get into at another point in time. What I think is interesting is to compare the Vocational Rehabilitation program which has no reference to accreditation and which utilizes proprietary schools extensively with the Vocational Education Act which, as I understand the latest figures, it has been established that a mere half a million dollars has been expended through contracts with proprietary schools. For the first five years of the Vocational Education Act, there was no utilization whatsoever.

The third big group of course, is the institutionally-based or oriented programs. These are USOE administered. They have their inception in the old definition in the National Defense Education Act of 1958. That Act provided both institutional and student aid. The student aid was circumscribed by the same definition as was applicable to institutional aid. In all cases the accreditation of an institution of higher education (before the advent of the proprietary schools) was included as an element of the definition. Of course, in lieu of accreditation in satisfaction of that element it was possible for a school to supply the "three letters of transfer." However, when these institutionally-oriented

* By that I mean acknowledged as such. The Veterans Cost of Instruction Allowance is a hybrid resulting from self deception and political pragmatism.

programs began to open up to students in proprietary schools, the three letter alternative was eliminated and accreditation was a mandatory element of the definition of a "proprietary institution of higher education."

The final category is just a grab bag of additional educational programs that don't seem to follow the three other categories. The IRS, for tax purposes, seems to care little about accreditation. Their only concern is that the institution really be in existence and offer residential training in organized classes. They apparently do not want to get involved in any quality or value judgment.

All of these programs involve benefits for people. I have not attempted to categorize any of the programs with regard to institutional support. However, I think it does appear that in the contract training program accreditation is of little significance, in the direct beneficiary entitlement programs accreditation is only one of several *alternatives to eligibility* and then of course in the USOE administered institutionally-based programs, it is in most cases an essential *element of eligibility.*

I. Direct Beneficiary Entitlement Programs

- * Student Dependency and Indemnity Compensation for Veteran's Child.
- ** Social Security Dependent Survivor
- ** Federal Employee Comp. Act Dep. Survivor
- ** Railroad Ret. Dep. Survivor
- ** Civil Service Dep. Survivor
- ** Miners' Black Lung Dep. Survivor
- ** Longshoremen & Harborworkers Dep. Survivor
- *** G.I. Bill
- *** War Orphans
- *** War Widows

* Direct Approval by Veterans Administration - accred. no mention
** Accreditation is one of several alternatives
*** Indirect approval via State Approval Agent

II. Third Party Beneficiary Contract Training Programs

- * Voc. Rehab.
- ** MDTA
- * Indian Adult Voc. Ed.
- * Government Employees Training Act
- * Veterans Voc. Rehab.

July 23, 1973

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Dr. Harold Orlans
National Academy of Public Administration

*** Voc. Ed. Act of 1963
* Social Security AFDC WIN Program

* No reference to accreditation
** Accreditation not in law but in regulations but precatory only
*** 1968 amendment requires accreditation in definition of private schools only; not public institutions.

III. Institutionally Based or Oriented Programs

* NDSL
* CWS
* SEOG
* BOG
** FISL

* You must read Sec. 491(b) (2) in conjunction with Sec. 1201 to figure out that for a proprietary school there is no "3 letter alternative"
** No three letter rule for vocational schools

IV. Miscellaneous

* Vocational Loan to Indians
* Vocational Loan to Eskimos
** Inc. Tax Ded. for Student Depend.
** Private Foundation Scholarships

* No reference to accreditation - administered by Bur. Indian Affairs
** No reference to accreditation - only concern that the institution be residential and not corresp.

I hope the above information is of some utility to you.

Sincerely,

Richard A. Fulton
Executive Director and
General Counsel

RAF/msc
Enclosures

EXHIBIT 1

ASSOCIATION *of*
INDEPENDENT COLLEGES *and* SCHOOLS
(Formerly United Business Schools Association)
1730 M STREET, N.W. • WASHINGTON, D. C. 20036 • 202/659-2460

Office of the
Executive Director

September 20, 1973

The Honorable Claiborne Pell, U.S.S.
Chairman
Subcommittee on Education
United States Senate
Washington, D.C. 20510

Dear Senator Pell:

We share your concern about reports of rising delinquency and default rates in the Guaranteed Student Loan Program. After a serious discussion with your Counsel, Stephen Wexler, of the problem as we have experienced it in those schools accredited by the Accrediting Commission of AICS, it seems appropriate to share with you the details of our response. In the past year, accreditation has been withdrawn from 21 institutions. These are final decisions with all the rights of appeal having been made fully available, and publication of the action, including communication to the United States Office of Education. In all but a few schools, the actions were related directly to the financial stability of the institutions and the administration of the Guaranteed Student Loan Program. The institutions from which accreditation has been withdrawn are:

Continental Commercial College, Birmingham, Alabama
Gregg Business College, Phoenix, Arizona
San Antonio Commercial College, San Antonio, Texas
Hartford Institute of Accounting, Hartford, Connecticut
Draughon's Business College, Greenville, South Carolina
Willis Business College, Santa Monica, California
Central Business College, Denver, Colorado
Delta School of Commerce, Shreveport, Louisiana
Durham Business College, Waco, Texas
McAllen Business College, McAllen, Texas
San Angelo Business College, San Angelo, Texas
Valley Central College, Brownsville, Texas
Valley Central College, Harlingen, Texas
Victoria Commercial College, Victoria, Texas
Central California Commercial College, Bakersfield, California
Community College, San Antonio, Texas
Durham College of the Valley, Harlingen, Texas
Bish Mathis Institute, Monroe, Louisiana
Central College, Texarkana, Texas
Honolulu Business College, Honolulu, Hawaii
Jackson Commercial College, Jackson, Mississippi

The above list does not include a number of other institutions which in the past fifteen months have been issued *Show Cause* letters resulting in hearings about their financial stability and administration of the Guaranteed Student Loan Program. In some cases, initial orders of suspension or revocation were issued but subsequently vacated, either on appeal or upon showing substantial remediation of the previous situation. In most cases, this has resulted in substantial amounts of refunds of tuition to either students or lending institutions which has substantially reduced the amount of delinquency or default claims subject to the Federal Insurance of the program.

To accomplish these decisive actions expeditiously but with full observance of "due process", we found it necessary to amend the By-laws of the Corporation, provide for the establishment of a Review Board, amend the Criteria of the Accrediting Commission, send teams of field auditors to visit the institutions, hold formal hearings before the full Commission with an opportunity for the institution to appear, establish a Review Board, appoint members to serve on it, and to hold timely hearings for the appeals. All of this has been accomplished in approximately fifteen months. It began with information about the loan program brought to our attention by officials of the USOE. We think our activities illustrate that when provided with definitive data, this Agency can respond with alacrity and efficacy to the situation. Parenthetically, I would note that thus far there has been no court action brought against us with any claim of lack of due process with the procedures which we have instituted and under which the withdrawal of accreditation from 21 institutions was accomplished.

Of course, accreditation is only an *element* of eligibility for one or more of the Federal programs. Accreditation is not synonymous with eligibility. For example, the Congress wisely provided in Section 435 of the Insured Loan Program that among the other elements of an "eligible institution" there should be legal authorization by the state to the institution to provide the program of post-secondary education. Hence, in determining institutional eligibility, the USOE Commissioner should be able to rely upon two independent sources for evaluation of the institution. This would include state licensing and voluntary national accreditation.

It has been my experience in watching developments under the Insured Loan Program that where there has been a long history of constructive state legislation, licensing, or regulation of proprietary schools, combined with voluntary national accreditation, there has been few, if any, problems in the administration of the Guaranteed Student Loan Program. Absent either element, I think problems have been and can be readily identified. For example, in New York there was at one time a list published by the New York Loan Guaranty Agency of institutions, the students of which had a high default or delinquency rate. Disregarding the regionally accredited collegiate institutions which were predominantly black, the proprietary vocational schools listed were not nationally accredited but were declared eligible institutions as an exception to the requirement of accreditation. A similar situation might be identified in California. On the other hand, only recently has state licensing of proprietary schools come to Texas, Louisiana, Mississippi, and Alabama. It is here that we found the problem institutions to which our attention was directed some fifteen months ago by the USOE.

Possibly, in the future, the USOE will be in a position to utilize the statutory authority given the Commissioner by the Congress in Section 438 of the Education Amendment of 1972. As you know, since June of 1972, the Commissioner has had the authority to issue regulations providing for the fiscal audit of an eligible institution, to establish reasonable standards of financial responsibility and appropriate institutional capability, and further, to provide for the limitation, suspension, or termination of the eligibility of an otherwise eligible institution. In other words, even if an institution continues to have state authority to operate, and continues to be accredited, the Commissioner may step in under the Insured Loan Program and limit or suspend the eligibility of the institution. We understand that proposed regulations implementing this authority may be forthcoming this fall.

As you will remember, we vigorously supported this statutory authority for the Commissioner to publish such regulations and to exercise his discretion. We would further urge that such authority be extended to all student aid programs, rather than being limited merely to the GSLP. The implementation of this statutory authority should, in our opinion, provide the needed third leg in a firm tripod arrangement which can result in a shared responsibility between voluntary accreditation, state licensure, and federal utilization of these judgments.

As Holmes once said, *"A page of history is worth a volume of logic"*. The Insured Loan Program was enacted in 1965 at a time when debate and interest in the tax-credit-for-tuition bill was rather heated and intense. At that time, the student loan program was styled as being "loans of convenience for middle-class students". Such a description of the program as being for middle-class students continued through 1971. Suddenly, the program began to be styled as loans of necessity; and, as you will remember, in 1972 the needs test was introduced into the program.

Despite this claim of being a program designed for loans of convenience for middle-class students, it should be noted that in the record of the hearings on the Higher Education Act of 1965, there appears the statement of Dr. Kenneth B. Hoyt, then President of the American Personnel and Guidance Association. He was discussing, beginning at page 1082 in Part III of the Hearings on S.600, of his studies on thousands of students in proprietary business, trade, and technical schools. Dr. Hoyt told the Committee that:

> *"Our data show that most of them - both from the trade-technical and the business schools - come from families of a lower income, socio-economic background."* (page 1083)

As finally enacted that year, there were two insured loan programs. One was for middle-class students in the Higher Education Act and which was styled as the loans of convenience. The other was a separate vocational insured loan program which was, at that time, the only program of student financial aid for vocational students, as distinguished from college students. Thus, for a number of years, the Insured Loan Program was made to do many things for vocational students in need, which was not required of middle-class college students. Students with varying social and ethnic backgrounds, with no history of credit participation, were recruited by vocational schools with the encouragement of USOE officials.

Over the past few years, a number of schools have closed. Sometimes, this has been the final result of the loss of institutional accreditation. In other situations, it has been the result of a liquidity problem stemming from an over-reliance upon the Insured Loan Program as being the only student aid program available to vocational students. The imposition of the needs test and the paper work involved is just one example of the effect of a change in program or a change in stated purpose of the program from loans of convenience to loans of necessity, which can result in institutional disorientation. Fortunately, in most cases, there has been ample evidence of transfer without additional cost to the student to nearby accredited institutions when, for one reason or another, an institution has been forced to close because of financial instability or other problems. In most cases, this Agency has worked very closely with the state and Federal officials to accomplish these student transfers at no additional cost to the student.

As addenda to this letter, I enclose old and new copies of our By-laws, Operating Criteria, and the Supplement to the Criteria, illustrating the amendments and revisions which we have incorporated to accomplish the actions we have taken in the past year. Our new By-laws have the blue cover; the old ones have the green cover. At page 17, beginning at line 8, you will find a detailed procedure governing the withdrawal of accreditation, provision for due process, and the establishment of a Review Board. Although such authority was implicit under the old By-laws, it was not detailed.

In the new Operating Criteria, beginning at page 26, is a most explicit exposition of our definitions of negative actions and the nature of the withdrawal process for either suspension or revocation. On page 31, begins Chapter 6 dealing with the operation of the Review Board for Appeals. This material in the blue-covered book, you may wish to contrast with the language in the red-covered book, beginning at page 9. In my opinion, our old procedures insufficiently distinguished between appeals concerning the *denial* of accreditation to an applicant institution and actions by the Commission to *withdraw* accreditation from an institution currently in accredited status. Parenthetically, I would hope that you would read the preamble to our procedures at page 18. I feel that the actions taken by the Commission in the past year exemplify the affirmations of the preamble.

Out of these unhappy negative actions in the past year, we have learned some important lessons. One of the major problems has been in the area of substantial institutional changes. We have incorporated a separate chapter in the new Criteria, beginning at page 23, concerning new educational programs, changes of institutional name or location, and most importantly, changes in ownership control. This latter section, 2-3-104, at page 24 is, in my opinion, the most significant development incorporated into our Criteria. It is my feeling that the adoption of this provision for the immediate discontinuation of accreditation upon any change of ownership control will obviate substantially the unhappy situations which we have been forced to review in the past fifteen months. In effect, the provision operates much like licensing by the FCC. In other words, accreditation is given to a particular institution of acknowledged ownership control. When that control changes, the accreditation automatically discontinues in a self-executing manner. Previously, procedures had to be initiated with notice and hearing to withdraw the accreditation. Now, the burden of proof and the burden of coming forward is on the administration to secure a reinstatement of the accreditation. We understand that this language and this concept has the approbation of the Accreditation and Institutional Eligibility Staff of the USOE.

In summary, we suggest that:

1. The Insured Loan Program has been subject to redefinition in its stated purposes, its philosophy of administration, and the vagaries of the money market - all of which have contributed to institutional difficulties in the administration of the program, and accommodation to students with marked socio-economic backgrounds that are devoid of experience in dealing with long-term credit relationships.

2. The Accrediting Commission of AICS, when provided with definitive data by the USOE justifying concerns about the GSLP at any particular institution, can act responsively, with alacrity, and with efficacy. This is illustrated by our actions in the past year resulting in withdrawal of accreditation from 21 institutions.

3. There remains a need for comprehensive body of definitive date which can be utilized by federal and state governments along with voluntary private accrediting agencies to strengthen the operation of all student aid programs by approrpiate amendments when justified. There may be, perhaps, merit in comparing data on student defaults and delinquencies under the NDSL program with similar figures under the FISL program. There may be practices and habits unique to certain types of student populations, certain types of institutions, and certain types of lenders which can be identified by the study and comparison of NDSL and FISL loan delinquency and default data.

In conclusion, we would hope that the Committee would not be inclined to take any precipitous action which would result in loss of access to the Insured Loan Program or any other student aid program for students in vocational schools. We say this for several reasons. They include:

1. An opportunity to see if the amendments, revisions, and reforms we have incorporated into our By-laws, Criteria, and Procedures have achieved at least substantially the desired effect;

2. To give the USOE an opportunity to implement the June 1972 statutory authority to establish by regulation standards for institutional fiscal stability and administrative capability along with the authority of the Commissioner to deeligiblize an otherwise eligible institution; and

3. The availability for comparative purposes of comprehensive definitive data on all student borrowers in all institutions under both the NDSL and the FISL Loan Programs.

If there is other information which you or the Committee feel we can supply, we will be happy to respond.

Respectfully submitted,

Richard A. Fulton

Richard A. Fulton
Executive Director and
General Counsel

RAF/atd
Enclosures

Senator Pell. The next witness is a panel representing the National Association of Trade and Technical Schools and the National Home Study Council, William A. Goddard, executive director, National Association of Trade and Technical Schools; William A. Fowler, executive director, National Home Study Council; and Bernard H. Ehrlich, counsel.

Thank you for being with us.

Your statements will appear in the record in full at the conclusion of your testimony.

You might care to summarize them.

STATEMENT OF WILLIAM A. GODDARD, EXECUTIVE DIRECTOR, NATIONAL ASSOCIATION OF TRADE AND TECHNICAL SCHOOLS; WILLIAM A. FOWLER, EXECUTIVE DIRECTOR, NATIONAL HOME STUDY COUNCIL; BERNARD H. EHRLICH, COUNSEL, A PANEL REPRESENTING THE NATIONAL ASSOCIATION OF TRADE AND TECHNICAL SCHOOLS AND THE NATIONAL HOME STUDY COUNCIL

Mr. Goddard. I am William A. Goddard.

In light of the nature of the questioning, we would be very happy, in my case, to forgo the reading of the testimony. Since I have provided copies, we will be most happy to go right into answering any questions you have.

I did bring with me, however, some reports that were mentioned in my testimony, and I would like to present these to the chairman to support the testimony.

Senator Pell. I cannot promise to include those reports, because they look rather thick, but we will keep them on file and peruse them.

Mr. Fowler. I am William A. Fowler, executive secretary of the Accrediting Commission of the National Home Study Council, and I, also, would like to say that since we have submitted our testimony, and you have copies of it, we would be happy to answer questions and discuss any items you would like to discuss, rather than take the time to read the testimony.

Mr. Ehrlich. Mr. Chairman, my name is Bernard Ehrlich, and I am counsel for both groups, and we stand ready to answer any questions individually or collectively, as you see fit.

Senator Pell. I would ask if you could submit for the record your idea of what you think helpful legislation would be—from each of your groups or collectively, and we will absorb that, as well as the suggestions of the other group.

I would also ask if any of you are registered as lobbyists?

Mr. Fowler. No.

Mr. Goddard. No.

Mr. Ehrlich. No.

Senator PELL. I want to get one specific question out of the way in connection with Mr. Fowler's testimony.

At the bottom of page 7, you stated that: "In home study, completion of a course is not an absolute in order for a student to derive genuine satisfaction or achieve his personal career objectives."

This statement brings to mind the allegation often made concerning correspondence schools.

If all students participating completed their courses, then the schools could not make a profit.

Do you think there would be any truth in this allegation?

Mr. FOWLER. Certainly many students achieve great benefit from taking part of a course, and particularly a correspondence course where the diploma is not as meaningful as it would be from a school where the student went to attend.

In the allegation that the school makes its profit from those who do not finish, you have to look at the overall picture of an institution's financing and financial resources and income and what profit it does make, and recognize that there are all kinds of expenses that are included, and the overall picture of tuition charges and commissions paid to representatives and so forth are included in this.

We have had some discussions on this subject, of course, and schools are not making large profits in very many cases. In fact, I do not know of any case where a school is making very large profits, so that it is awfully hard to say that the profit comes from one part of a student's tuition and not from another.

In other words, it is an overall picture of financing, just as it is in the household budget, and the prices are set accordingly and with a certain amount left at the end for profit. And in many cases, that amount does not materialize or no amount materializes for that.

It is not possible to say that the school makes its profit from this or from that really. It is an overall financial picture as in any business.

Senator PELL. Do you have a composite statistic or figure of the financial balance sheet of your institutions?

Mr. FOWLER. We do not.

Each institution is evaluated on its own objectives, and the way it accomplishes them. Our institutions—we have about 80 that are accredited—frequently advertise under different names, so more than 80 institutions are listed in our directory.

For instance, an institution may have an electronics course and may also have a motel-hotel training course, and it advertises under both names. Therefore, those are the names the prospective students would be looking for in our directory.

So, in this group of 80 institutions, we have about 18 or 19 nonprofit institutions. The Hadley School for the Blind charges no tuition for students at all. It offers courses for blind students. We have the John Tracy Clinic, which charges no tuition. We have the National Safety Council Correspondence Courses, we have Southern

Baptist Seminary Group, and the American Medical Record Association.

We have the Home Study Institute of the Seventh Day Adventist Church here in Washington. We have small single proprietorships. We have partnerships. We have large corporations.

And the financial picture of all of these is different. They are also different in their approach to enrollment of students. Some enroll by mail as the result of advertising, and one school has the representatives of General Motors Corp. take the school's brochures to the dealers and recommend the course to instruct truck salesmen. The only cost is for printing the brochures. General Motors does the rest.

To answer your question, there has been no way to develop a composite or chart of accounts for correspondence schools that would be representative of even a fraction of our schools.

Senator PELL. To oversimplify what you stated, you have about 80 members?

Mr. FOWLER. That is correct, 80 accredited institutions.

Senator PELL. Of which 20 are nonprofit?

Mr. FOWLER. About 20 percent—let us say 16 or 17.

Senator PELL. About 20 percent.

Now, do you accredit institutions or do you accredit individual courses?

Mr. FOWLER. We accredit institutions and we look to the highest entity to accredit.

For instance, ITT has two correspondence programs. One is the School of Speedwriting, New York City. It is a correspondence program that enrolls people in a shorthand, speedwriting course.

Senator PELL. Excuse me.

Teaches them speedwriting; does not teach them shorthand.

Mr. FOWLER. Teaches them speedwriting.

We also have the Research and Review Service, which is an entity that is under a completely separate part of ITT. It has insurance reports and a course in insurance. In order for the school of speedwriting to retain its accreditation, the Research and Review Service has to be accredited and retain its accreditation because they are both owned by ITT.

What I am saying again, is that our accreditation is institutional, and we look to the highest entity of management to accredit and the highest entity cannot have any one correspondence program or course accredited without having all its correspondence courses accredited.

Senator PELL. How many institutions give correspondence courses, home study courses, that are not members of your institution, do you have any idea?

Mr. FOWLER. It is really very difficult to say.

We have a nonmember mailing list in our office that has some 650 institutions on it. Many of those are home study division of colleges and universities. Some of them are Armed Forces Correspondence Schools. Some of them are religious schools that would not qualify for accreditation.

I would say somewhere in the vicinity of 400 to 500 institutions, private institutions, are offering correspondence instruction. But it is very difficult to specify a given number.

Senator PELL. Like the Naval War College correspondence courses?

Mr. FOWLER. That is correct.

There are somewhere in the vicinity of about four and a half to five million people in the United States enrolled in correspondence courses.

Senator PELL. Is LaSalle Extension University of Chicago—I forget the exact name—is that a member of your group?

Mr. FOWLER. LaSalle Extension University is a member of the National Home Study Council. It is an accredited institution and it is a division of MacMillan, Inc., the publishing firm in New York City.

Senator PELL. My recollection is that they overpromise in advertisements.

Have you ever looked into that?

Is overpromising in an advertisement grounds for withdrawal of accreditation?

Mr. FOWLER. Our standards are very clear on this, and they say that, could read it, but exaggeration, claims that cannot be substantiated, are a violation of the standards of the Accrediting Commission and are subject to a review as part of the school's activity. It is certainly subject to review by the Accrediting Commission and might result in the loss of accreditation.

Senator PELL. Do you not think you ought to change your rules and say, "will result"?

Mr. FOWLER. If the violation continues, it would result.

The Commission advises the school of the violation, and due process procedures are followed. If the school then refuses to change, the school would lose accreditation.

Senator PELL. Well, I think you ought to let your members know that overadvertising is grounds for loss of accreditation, and if they overadvertise, suspend them until they mend their ways. That would be my own recommendation to you.

Mr. EHRLICH. We go much farther. We do not just suspend.

If an advertisement is in violation of the standards, the Commission will take action against the school unless it changes its advertising to meet with the requirements of the Accrediting Commission.

So it is not a question of suspending them until they do, which would be a period of time. They must comply and they must make whatever changes or modifications are necessary.

Sometimes it may be the fault of an advertising agency who put in an overzealous ad. We find, for the most part, accredited institutions want to comply with the rules.

These things are brought to their attention, and they usually move rather quickly to comply.

Senator PELL. I just cite LaSalle because I notice they advertise a good deal, and it seems to me they promise the sky.

Have you never gone after those advertisements or gone after that institution?

I have nothing against LaSalle in particular. It happens to remain in my mind.

Mr. FOWLER. It is an interesting case. We have a history with LaSalle.

I do not know how much you know about it.

Senator PELL. I do not.

Mr. FOWLER. About 5 years ago, this institution did lose accreditation. It was up for its 5-year review by our Accrediting Commission. The Accrediting Commission did not continue accreditation of the school. This resulted in the kind of lawsuit you were discussing earlier.

As a result of—well, as one of the results of this review and the re-examination of the school and the fact that the school did regain accreditation because it did meet the standards, the school became particularly zealous in the way it developed its advertising. I have visited the school on many occasions and have seen the background process that the school uses to develop advertising.

They use what they call fact books. These fact books take every segment of every ad and say this is what we say, now how do we substantiate it?

They have the documentation to substantiate the statement. I think in the case of LaSalle, all of the ads I have seen since that time have been very carefully worded, very carefully prepared, and can be substantiated based on facts.

Senator PELL. I would ask the counsel to prepare to insert in the record at this point some sample advertisements from LaSalle, and any other groups that we can clip out, particularly those match book covers, and men's magazines, and I think it would be interesting to have five or six advertisements of that sort put in the record at this point.

[The information referred to follows:]

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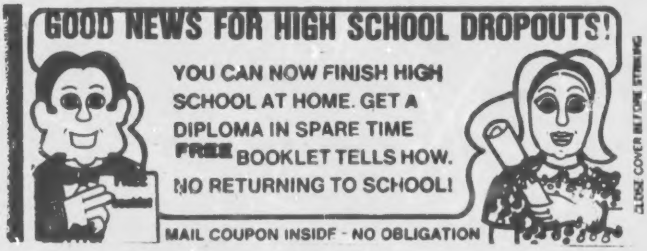
- ☐ Engineering
- ☐ TV Servicing
- ☐ Electrician
- ☐ Drafting
- ☐ Auto Mechanics
- ☐ Air Cond & Refrig
- ☐ Electronics
- ☐ Electrician

Name ____________ Age ______
Address ____________ Apt ______
City ____________ State ______ Zip ______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☐ Please send me Free Career Booklet plus Free Demonstration Lesson on learning CIVIL ENGINEERING at home in my spare time.

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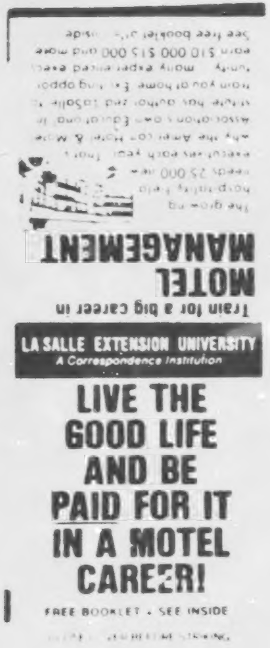
☐ Mech. Engineering
☐ Elec. Engineering
☐ Airline/Travel
☐ Electrician
☐ TV Servicing
☐ Accounting
☐ Drafting
☐ Auto Mechanics
☐ Air Cond. & Refrig.
☐ Electronics
☐ Interior Decorating

Name ____________________ Age ______
Address ____________________ Apt ______
City ______________ State ______________ Zip ______



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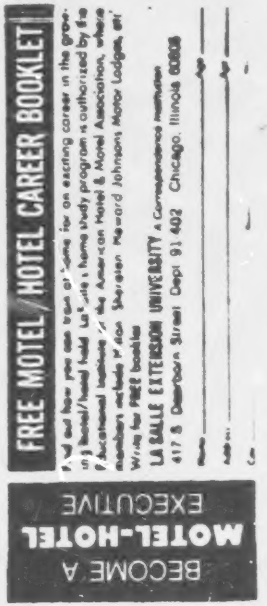

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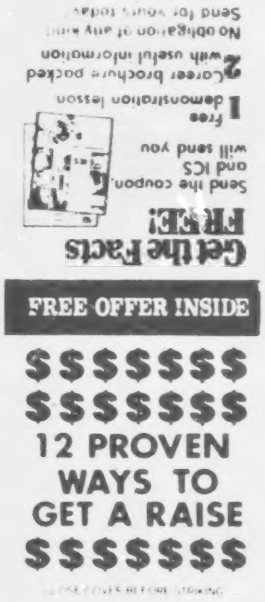
417 S. Dearborn Street Dept 91 402 Chicago, Illinois 60605

Name ______________________ Age ______

Address ______________________ Apt ______

City ______



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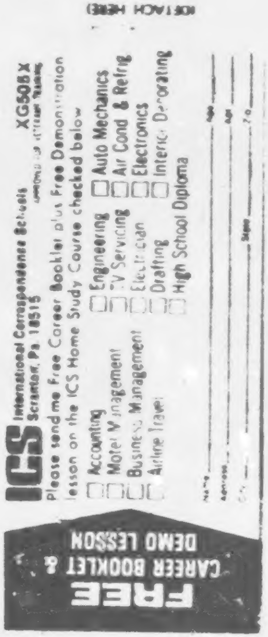

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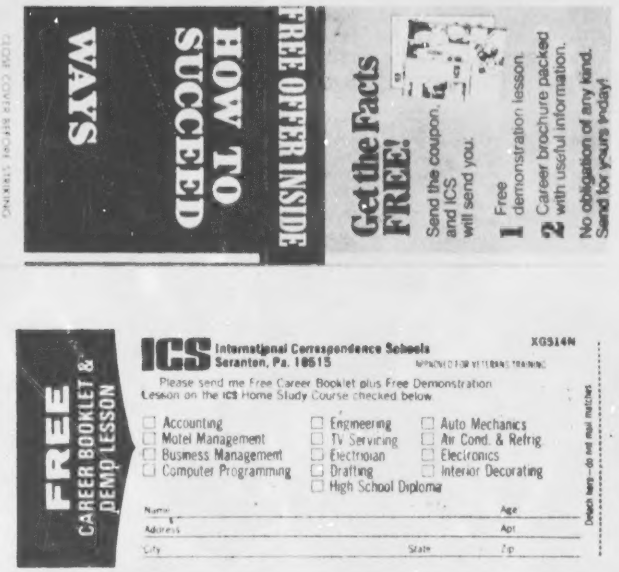

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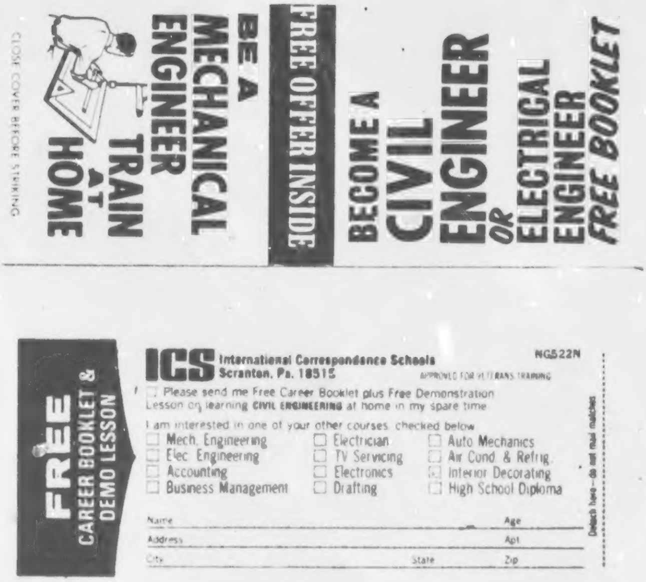

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Mr. Ehrlich. I would also appreciate it if your counsel would also supply us with any ads that he feels, or you may feel, sir, are in violation of any kind of standards at all, and we can assure you that we will be very happy to follow it through and would be glad to have this information.

Senator Pell. Glad to do that. That will be in the record of the hearing.

I gathered you had a lawsuit that arose out of your action. I recognize you are in a difficult position because you are liable for legal action if you withdraw accreditation.

Is there any way you can be protected so you are not liable for legal action when you withdraw accreditation?

Mr. Fowler. Well, as a result of this lawsuit, and Mr. Ehrlich, of course, was deeply involved as our counsel, we did have a settlement of the suit. As part of the settlement, we adopted some extensive due process procedures.

I do not believe that anybody could be immune from a lawsuit, really, and I think there is always a potential of other lawsuits, but we believe our basic procedures and our due process procedures are sound. While they may not protect us from suit, they will certainly give us a good basis for winning a suit.

We have heard your question to the other people who testified this morning, and we do have some ideas in the area of possible protection. We will be glad to supply them to you.

Senator Pell. Do you have any programs where salesmen go from door to door like Fuller Brush people, selling your courses on a commission basis?

Mr. Fowler. Schools use various ways to enroll students.

More than half of our schools enroll students by mail. They advertise; they receive an inquiry from the prospective student; they mail him a packet of material; the prospective student determines that he wants to take the course; and he mails back his enrollment to the school.

Some schools do use representatives. Not quite half of our schools—but many more than half the students are enrolled by representatives.

Some of these representatives are on a salary and some of them are on commission. There are as many varieties of compensation for salesmen as there are schools to develop contracts calling for compensation.

Senator PELL. Might it be a good idea if one of your requirements for accreditation, if you did not have salesmen on commission, that institutions did not sell that way?

Mr. FOWLER. This is the way the schools acquire the students.

The representative does provide information and he provides the opportunity for people to discuss the course. He makes information available to the students and helps them decide what courses they would like to have, and so on, and this is a technique that is used for enrolling students.

Senator PELL. One of the elements of abuses when an overly enthusiastic salesman, you cannot blame him, comes along and he knows that his salary or his income depends entirely on making sales, and he will—it is human—probably overstate the benefits of his product.

This could be avoided if you had a flat rule that these people were on a salary basis and would not have a commission basis.

Mr. EHRLICH. I would like to answer this, Mr. Chairman.

First of all, you may or may not be aware of the fact that it is not just an easy proposition of a commission. Each school has a chargeback system, so that if the student drops out, or if the salesman has oversold, there is a charge back.

I have always been involved in the practice of law and know of all kinds and forms of compensation know to mankind, and I will tell you whether it is a commission system or straight salary, there is always an incentive, there is always a bonus, there is always this type of thing, because this is the nature of the salesmen.

I do not think the method of compensation is the problem.

We believe, and we have always practiced in the National Home Study Council, that the problem deals with the control of the field force by the school. We have put that responsibility onto the school. That is where it belongs.

Senator PELL. I disagree with you.

I can see a bonus is fine, but where it should not be entirely dependent on commissions.

My own view, and I do not know if we can make it a matter of legislation—I am not sure we properly could—but I would recommend that the [illegible] salesman's pay come on a salary basis. I think it would [illegible] some abuses.

This is a matter of personal opinion with which we disagree.

If we find instances of abuse in this regard, I might feel compelled to introduce legislation, as chairman of the subcommittee, hopefully my colleagues will bear with me. I hope this view would be noted and that the press might note our interest so that we would be glad to receive any complaints in this regard.

Mr. **Ehrlich**. We would hope, sir, that in light of new legislation which you might consider, or anything else, that the key factor we have tried to outline, namely the control by the school of its field force, is the most important element here, that a school cannot be allowed to go free on the idea that something was done by one of our agents.

We make sure the school is responsible for the activities of its field force.

Senator **Pell**. I would add, naturally, that I am not talking just about your groups. I am talking about any schools, nonprofit, profit or anything else.

But I just personally do not like the idea of purely commission salesmen being responsible for enrollment.

I think we have probably covered with your group that subject enough.

I have another matchbook here, one of them that we will put in the record.

Mr. **Wexler**. It is from Wayne School, subsidiary of LaSalle, and is says, "Free Booklet Tells How To Finish High School at Home in Your Spare Time. Full Credit for Required Subjects You Have Already Taken. Experienced Instructors. Diploma Awarded."

Senator **Pell**. That sounds pretty good if it works. There is no abuse here, if this works, and this is not misleading, I think this would be a very good program indeed.

Mr. **Fowler**. Wayne School is a division of LaSalle.

They also have other school names that have courses in other areas.

Wayne School is approved by the State of Illinois, Department of Public Instruction. It awards diplomas on completion of the work that the school offers.

Our accrediting examining committees and our accrediting commission have carefully reviewed the course of instruction and the method the school uses in processing students' lessons and so on, and the diploma is legitimate, recognized by the State of Illinois.

In terms of the academic content, the high school program is very much like a resident high school program.

Senator **Pell**. What do you mean by experienced instructors?

Would these instructors have the same qualifications as would a high school teacher in the Chicago school system?

Mr. **Fowler**. I cannot answer whether they would have the same qualifications as they would in the Chicago system. But they would have the same qualifications that are generally accepted across the United States.

Our Accrediting Commission's review of that school carefully looked into the qualification of instructors to determine if this was so.

Now, specifically Chicago, well, I cannot say.

Senator **Pell**. I think, as a matter of information, these hearings may be of some interest later on, so would you secure from Wayne School the number of pupils that are enrolled, the names of the instructors, with their qualifications, and submit this for the record.

I would ask those figures be inserted following this insertion here, and also the courses that have been given.

[The information referred to and subsequently supplied follows:]

BERNARD H. EHRLICH
ATTORNEY AND COUNSELLOR AT LAW
919 EIGHTEENTH STREET, N. W.
WASHINGTON, D. C. 20006

TELEPHONE
(202) 296-5848

February 5, 1975

Stephen Wexler, Esq.
Subcommittee on Education
Committee on Labor and Public Welfare
Dirksen Senate Office Building, Room 4230
Washington, D. C. 20510

Dear Mr. Wexler:

When Mr. William A. Fowler and I appeared, on behalf of the National Home Study Council, before your subcommittee on September 13, 1974, Senator Pell asked that you be provided information on enrollment, courses and faculty qualification of Wayne School, and on home study schools that have courses to help prepare for conversion to the metric system.

Wayne School is a division of La Salle Extension University of Chicago. It offers a full high school program equivalent to 16 units, including academic subjects and electives. It is authorized by the State of Illinois to award a high school diploma. In 1973, 15,187 individuals started and have studied or are now studying.

We enclose a list, as of December 5, 1974, of Wayne School's teaching faculty and their qualifications. This list does not include the director of education and administrative or supervisory personnel.

Enrollment figures and specific personal information on teaching faculty are not normally made public, and we hope you will be able to summarize these data for the record.

We agreed to supply information on other accredited schools as requested by the subcommittee; no request has been received.

We also agreed to review any advertising that might be in violation of NHSC standards, if such advertising were referred to us. As of this time we have received none.

Concerning Senator Pell's request for information about schools offering courses to help people prepare for conversion to the metric system, we have reviewed the programs of NHSC schools and have found that almost all courses in engineering, electronics and mechanics have lessons or parts of lessons which explain the metric system, provide information on conversion, etc. Also, courses for automobile and especially those for motorcycle mechanics include metrics as a regular part of the course and metric tools are frequently provided. We have not found any separate program that teaches conversion to the metric system. Enclosed is a lesson book titled "going metric" which is used by International Correspondence Schools as a regular part of a number of its courses, as an example of how conversion to metrics is taught to home study students.

Regarding the series of articles in the Boston Globe and follow-up action taken by the NHSC Accrediting Commission, a full report was made to the U. S. Office of Education, Institutional Eligibility Staff, Bureau of Higher Education. As I stated in our recent telephone discussion, I believe that publication of this information might create legal problems for the Accrediting Commission. In an effort to be helpful to the subcommittee, I would be happy to share with you a copy of the response made to the Office of Education, provided it will not be made part of any public record. It is our understanding that this procedure will meet with your approval.

It is our desire to cooperate fully, to supply whatever information might be helpful, and we will furnish the report made to the Office of Education if you so desire.

If you have further questions, please let us hear from you.

Sincerely yours,

Bernard H. Ehrlich

Enclosures

WAYNE SCHOOL
417 South Dearborn Street
Chicago, Illinois 60605

List of Teaching Faculty and Their Qualifications

Burt Bresnik: University of Illinois, B. S. in Economics with a minor in Business Administration. Additional study at the University of Wisconsin. Mr. Bresnik is currently grading U. S. History, and has been a LaSalle Instructor for three years.

Marvin D. Brody: University of Illinois, B. S. in Economics, minor in Accounting; John Marshall Law School, J. D. Mr. Brody is an Instructor in Rights and Responsibilities. He has been with LaSalle for five years.

David DeRosa: University of Chicago, B. A. in Economics; currently a Ph.D. candidate, University of Chicago Graduate School of Business. Mr. DeRosa has been an Instructor in Rights and Responsibilities for two years.

Terry Engel: University of Illinois, B. S. in Accounting. DePaul Law School, J. D. Mr. Engel instructs in Business Law and Economics. He has been with LaSalle for six years.

Marc Gilbert: DePaul University, B.S.C. in Accounting and Commerce. Additional study at Chicago State University in Education. Mr. Gilbert has been an Instructor in American History and American Government for four years.

Allan Glass: Illinois Institute of Technology, B.S. in Design, minor in Business and Psychology; currently studying toward M.B.A. at Northwestern University. Mr. Glass' current assignment is the High School Refresher Course. He started two years ago as a LaSalle Instructor.

Sherwin D. Goldberg: University of Illinois, B. S. in Business Administration. Mr. Goldberg instructs in General Mathematics, Shop Mathematics and Business Mathematics. He has been a Mathematics Instructor with LaSalle for 5 years.

Howard Goldman: DePaul University, B.S.C. in Accounting, minor in Economics, John Marshall Law School, J. D. Mr. Goldman instructs in General Literature. He has been a LaSalle Instructor for seven years.

Matthew J. Hayes: University of Dayton, B. S. in Political Science/History. Additional study at John Marshall Law School. Mr. Hayes is an Instructor of Psychology at LaSalle for seven years.

David Jeremias: The University of Chicago, B. S. in Biology; currently attending John Marshall Law School. Mr. Jeremias instructs in American Government, Modern Literature and Business English. He has been a LaSalle Instructor for nearly three years.

Wayne Kennedy: Elmhurst College, B. A. in History/Philosophy; currently working toward M A.T. at National College of Education, Evanston. Mr. Kennedy grades Psychology, and has three years of experience with LaSalle.

Grace Ortiz: University of Santa Tomas, Manila, Philippines, B. A. in Sociology. Loyola University, M. A. in Sociology; currently enrolled in the Masters in Social Work Program at University of Illinois. Mrs. Ortiz is assigned Sociology and Rights and Responsibilities. She has been with LaSalle for eight years.

Richard R. Parkes: St. Joseph College, B. A. in Mathematics, minor in English. Loyola University, M.B.A. in Marketing and Finance; currently a Ph.D. candidate in Marketing at Northwestern University. Mr. Parkes instructs in English Fundamentals. He has been with LaSalle for over six years.

Stanley C. Roney: Hamilton College, A. B. in English, minor in Social Studies. Mr. Roney instructs in Rights and Responsibilities, World History and Geography. He has been with LaSalle for over twenty years.

June Roth: University of Illinois, B. A. in Education/Science. Mrs. Roth instructs in General Science, Biology and Earth Science. She has been a LaSalle Instructor for nine years.

Robert S. Testore: Southern Illinois University, B. A. in Sociology/Psychology. Mr. Testore has been an Instructor in Psychology for four years.

Betty Ann Young: DePaul University, B. S. in Education; University of Chicago, M.B.A. and additional study in Accounting, Business Administration, and Vocational Techniques. Mrs. Young instructs in Typing, Shorthand and Office Procedures. She has been a LaSalle Instructress for over sixteen years.

John Clark: B. S., Washington & Lee University; M.E., Vanderbilt University. C.P.C.U., DePaul University. Mr. Clark is the Instructor for Blueprint Reading, and has been with the company for seven years.

Lewis E. Craft: Technical training courses completed with U. S. Navy, Utilities Engineering Institute and DeVry Technical Institute. Mr. Craft has been with LaSalle as Instructional Director in the technical education courses for nineteen years, and is the Instructor for Machine Tool Operation.

Allan H. Falk: B. S. in Zoology University of Illinois. Additional study at Roosevelt and Loyola Universities; LL.B. John Marshall Law School. Mr. Fals is an instructor in Economics, and has been with LaSalle for eleven years.

William H. Merkle: B. S. University of Illinois. C.P.A. Mr. Merkle has been with LaSalle for ten years and is the Instructor for Accounting.

Senator PELL. I want to add here I am all for the work you are doing, provided it is successful.

As I said earlier, I want to see more people educated, particularly appealing to dropouts, as this does, finish their high school, and move on to some kind of career where they are educated for it.

As I said earlier, I would like to see more people embark on what these programs are stated to be than in the liberal arts colleges.

So, I encourage your work, but I am concerned about the reports that occasionally—not occasionally—that do arise of abuse. I am sure you are, too.

Mr. FOWLER. Very much so.

The process of the Commission described in the testimony emphasizes not only the business side, but also educational programs, qualifications of instructors, and such things as professional development of the staff and faculty.

Senator PELL. We may ask you for the same information on several other institutions.

Mr. FOWLER. We will need to go to those institutions to get this information. We will do that.

Senator PELL. Now, focusing for a moment on the National Association of Trade and Technical Schools, asking you the same questions, do you have any salesmen who sell only on a commission basis and not on a salary basis?

Mr. GODDARD. Yes, sir, I would presume so. I am not that directly familiar with every institution. But I would presume there are some schools that compensate their recruiters by commission.

I would be reluctant to criticize the practice, however, as Mr. Ehrlich said earlier.

The method of compensation does not seem to be the real problem in my opinion. I believe that sometimes a person who is on a straight salary might want to keep his job and keep that salary coming in.

Senator PELL. Like a policeman giving out a number of tickets.

Mr. GODDARD. There are just so many ways to create incentives and motivation. I would be very reluctant to pass judgment on how best to compensate an individual for selling or for any other occupation under various circumstances.

Senator PELL. I think we will give you, if we could, the names of a couple, two or three randomly chosen trade or technical schools and ask you to submit for the record the number of students, the number of instructors, their qualifications and courses offered.

I think it should be in the record as an enlargement on today's hearing.

I would also ask Mr. Fulton if he would do the same.

We will give him some randomly chosen institutions as maybe he could submit them for the record, the same information.

Mr. EHRLICH. We would also like to offer something to you and your committee that was taken up in the House, and that is an opportunity for you and the members of your committee or staff to visit, perhaps even in this area, because we have many of these types of institutions, actually go in, and have an opportunity to ask questions, meet students, and see how these institutions are run.

We would like to certainly extend that invitation to you, the staff, and other members of the subcommittee to do this.

We found it was one of the best ways for some of the House people to really see how these schools operate and what they do.

This is an open invitation at any time, sir.

Senator PELL. Asking each of you gentlemen this question: Do you have any kind of policy that if one of your institutions goes bankrupt, that another institution could pick up the students, that is a member of your organization?

Mr. GODDARD. We do not have a policy as such.

However, traditionally, in our field, just as in other fields of business, the industry tries its best to help persons who are in need for causes such as this.

We have seen cases where schools have, in fact, trained students at no additional charge when they left the school because of school closing.

Mr. FOWLER. Our organization does not have an established policy in this area either, although the same industry concern is there.

We have had the occasion twice, I believe, in the past year, that we have had to face this problem. In one instance, we arranged for another school to take over completely the students of the first institution and continue their service.

In the second instance, one of the courses offered by the school included some residence training, as at the end of the correspondence course. There was an arrangement made whereby the corrspondence part of the course was provided to the students, and then for several of the students who completed the correspondence course, our board of trustees agreed we would pay the actual cost of resident training for those people.

They did this with the recognition and with the explicit instructions, that this not be considered a precedent. We had not had occasion to do it before and have not since.

So, in this case, we have been concerned and have taken action.

Senator PELL. I would like to ask Mr. Goddard what he does to assure reasonable placement for his graduates.

Do you withdraw accreditation if the record of job placement is poor, or is that one of your criteria?

Mr. GODDARD. We do not have a standard that says a school must place all its graduates.

Senator PELL. Excuse me.

Do you have a standard that says you must place a certain percentage, 95 percent?

Mr. GODDARD. No, sir.

We feel that a school should help its students in their effort to find employment.

We have never told a school that it was totally responsible for getting jobs. Quite the contrary, I suppose. We have always considered it a violation for a school to guarantee or assure placement, because the school itself would not be able to accept the responsibility for the opportunities of placement 2 years or 3 years hence.

Generally, the student is responsible for placement, and many State laws clearly state that the school may not assure or guarantee placement at the completion of the course.

Senator PELL. I may have misspoke. I do not mean "assure" or "guarantee."

But I believe one of the criteria for a trade or technical school is the fact that its graduates are stably employed.

If you found that 50 percent of the graduates of a trade or technical school were not stably employed 1 year after they finish, I do think that would be grounds for withdrawing accreditation, would you not?

Mr. GODDARD. We have many types of institutions. I am not aware of any institution in our organization that has not been able to determine that 50 percent of the students or graduates available for placement are working in the field.

However, there are some types of schools where the risks are quite great for a student. I would list among these such programs as acting, and some of the other more artistic areas in which the student knows before he goes in that he may have very little opportunity to earn a living, a lifetime career in this field.

Therefore, we have never tried to say that a percentage—I think it would be very unrealistic, as a matter of fact, to say that a certain percentage in all types of occupations would have to go to work immediately in the field.

We have a school here on the East coast, for instance, that a substantial number of its students just happened because of the nature of the institution and its location, to be active military personnel. They are taking training for after military retirement in many cases, and are not even available for placement upon graduation.

So, the thought you have, I agree with completely, that in an occupational school, the people going to the school, seeking occupations and available for placement after graduation, should receive all the help and assistance available. I would not want even the teachers' colleges these days to be overly criticized for promises they made 6, 8, 10 years ago.

Senator PELL. I do not mean that the institution should act as a job placement agency.

All that I am saying is that I think there is a responsibility to the accrediting board to make sure that the graduates in the institution are available to fill a job opening, trained adequately to fill a job opening in the field for which they have been trained.

Mr. GODDARD. I agree with you completely.

Senator PELL. Going to this home study, and I do think that should be a criterion into accreditation, that they are adequately trained. I do believe we need more plumbers than we need more liberal arts graduates, and they will be happier and richer, too.

But going back for a moment to the home study council, in one of the series, either the Globe series, or Post series, I came across the references to cases where people were trained in television technology or Frigidaire technology. Then they were able to buy a television set or Frigidaire and charge it to the GI Bill, as a cost of tuition

Are there any instances of this sort?

Mr. FOWLER. I think what you are referring to is that some of the courses that are offered by some of the institutions do include certain kinds of tools and test equipment and, in some instances, actually the process that is used to teach the student in the course, television and electronics, is the building of a television set. A television set, then, is an item that the student has to put together, assemble, as part of his learning experience.

When he completes his course, he does have the set which is his and available to him.

It is our policy and, therefore, schools do charge a tuition for the course, which of course includes the equipment necessary for the student to learn what he is to learn as a result of the course. So, yes, some of the courses do have kits and equipment, and some have tool sets, and, yes, these are included as part of the tuition charge.

So, there is no misunderstanding on the student's part as to what he owes and does not owe.

He should not get halfway through and be advised that he has to spend another $300 for this equipment. So that is how the equipment, the television set, or one school offers a refrigeration unit—I do not believe when it is finished it is Frigidaire, or window air conditioner, it is just a refrigeration unit—is part of the learning equipment given to the student.

Senator PELL. He is given a television set, being taught to assemble it.

Do you give it assembled or in little pieces?

Mr. FOWLER. This comes as a kit.

Senator PELL. That does mean little pieces?

Mr. FOWLER. Little pieces. Separate transistors, picture tube comes with an advanced part of the course, and as the student works through the course, he puts together the segments.

In some courses, in electronics courses particularly, some of the equipment given is test equipment.

As he first gets the kit to put together, it is test equipment, and he can learn such things as soldering techniques and basics with that.

Then he begins to get parts for his television set.

Then he uses the test equipment to test the parts of the set he puts together as he goes along.

The school has, as part of the examination process, questions that are asked based on what test results he gets from testing parts of the equipment he has put together.

So no school that is accredited offers assembled television sets as part of the educational program. Many of them do offer kits that eventually, if the student progresses through the course and assembles them according to instructions, are assembled into a TV set when he completes the course.

Senator PELL. I came across a reference to a home-made helicopter. I would not like to fly in it. Is this used in any of your courses?

Mr. FOWLER. No, not that. No.

Senator PELL. What would be the most expensive equipment that would be used in any of your courses? Would it be automobile or television set or Frigidaire or what would it be?

Mr. FOWLER. I think the most expensive piece, and there may be something else that I cannot think of at the moment, would be a color television set.

Senator PELL. How much is a color television set roughly?

Mr. FOWLER. In the kit form, the cost to the school might be $400, $500.

Senator PELL. What would be the cost of the course?

Mr. FOWLER. The course might cost $1,200 to $1,500 or $1,600.

Senator PELL. So, in other words, the equipment, in your view, would never be more than half the cost of the course?

Mr. FOWLER. No, I would not say that arbitrarily, because some of those same schools that we are talking about include this test equipment that I mentioned. It is not just a television set.

It may be an oscilloscope, or some other piece of test equipment that the student assembles. In some cases it is an item that is needed for the testing, but the student could not assemble it at an early stage of the course, and he might receive an item like that already assembled. In the aggregate, it is possible that the cost of all of that equipment might exceed half the cost of the course.

Senator PELL. Do you provide any courses on how we go metric for machinists?

Mr. FOWLER. I believe there are one or two schools that do offer a course on this subject.

Senator PELL. Would you submit for the record those schools that have courses in helping people to be prepared for conversion to the metric system, metric measurement?

Mr. FOWLER. Be glad to. Some of the names we submit may be schools that are not members of our organization that have this kind of course.

Senator PELL. Just put an asterisk against those that are members of your organization. Could you do the same, Mr. Goddard?

Mr. GODDARD. Yes, sir. That is, to give you a list of names of the schools that offer metric, yes.

I believe that most all of our schools that offer mechanical trades already include some sort of metrication training, and especially automotive where equipment has been coming over to this country for many years requiring the use of the metric equipment.

Senator PELL. I believe we will be in the metric system before we are through.

I had a bill pass the Senate last Congress. In this Congress because of the election pressures, and I think mistaken assumptions on the part of many people, it has passed neither body, but I would not be surprised if it passed both pretty soon. I think we have probably covered the ground.

Is there any other point that any of you would like to make? Do not forget your ideas on legislation.

Mr. EHRLICH. Yes, we will do that because we have made note of it. I would like to point out that in terms of the courses of instruction, unlike other types of accrediting agencies, courses are evaluated by outside experts, called subject specialists.

These are people who are not either home study or trade or technical school people necesarily. These are people from industry, people who have knowledge of training programs and how it is done.

I would like to clarify because, at one time in one series in the Post, there were some questions raised about how we evaluated the medical system program. And a claim was made that we never used a physician of any kind, which is not true.

Our programs are all evaluated by outside area specialists who file reports and they determine whether the course, in fact, including kits and materials and everything else, can achieve the objectives that the school advertises to the public.

Senator PELL. One other thing. As I understood Mr. Fowler, he said there were about 500 correspondence institutions in the country, and 80 were members of your group?

Mr. FOWLER. That is correct.

Senator PELL. Could Mr. Goddard give me a rough horseback figure along the same line, how many in the country, and how many are members of your group?

Mr. GODDARD. I do not think anyone knows for sure how many schools there are of our type in the country. Perhaps over 5,000, and we have accredited between 400 and 500.

Senator PELL. What are the dues paid by an institution to each of your groups?

Mr. GODDARD. The minimum dues would be $250. The scale would range as high as $2,000, conceivably. There would be a few schools that could pay as much as $2,000.

Senator PELL. What would be the answer from you, Mr. Fowler?

Mr. FOWLER. We have two schedules. One is the cost for accreditation, an annual sustaining fee for accreditation. The application fee is $100, and the visitation fee is $150 a day for each examiner, and the annual fee ranges from $50 to $500, depending on the income to the school from tuition home study courses.

The National Home Study Council, the national association, has dues. I believe minimum dues are $250. Dues are on a sliding scale, based on the income of the school, up to about $12,000 to $15,000, depending on the school's income based on amount of home study involvement.

Senator PELL. How often are institutions required to be visited?

Mr. FOWLER. At least every 5 years. The institution has to undergo full evaluation at least every 5 years. We have discovered in the past 2 or 3 years that for various reasons, either new courses being added, or changes in management, or for other reasons, complaints, questions of financial stability—we get an annual report that includes information on all of these—there was some kind of review that seems to be going on about every 2 or 3 years.

Senator PELL. For a serious complaint?

Mr. FOWLER. Yes.

Senator PELL. How often for your schools?

Mr. GODDARD. About the same thing, 5 years would be the maximum between full-scale reevaluations. I would assume most accrediting agencies would operate in a similar manner, since we are all recognized by the U.S. Office of Education under special criteria.

Senator PELL. What would you consider a complaint that would justify a special look?

Mr. GODDARD. Well there are areas, other than complaints, that could cause early reevaluations. I would say that most evaluations, as a matter of fact, are caused by something other than complaints. A type of complaint that could be in areas of business practices, or in areas of education.

However, our industry is very rarely criticized in its educational quality. We do have more significant criticism of business practices.

I suppose that if a school were not providing the required equipment, or a sufficient number of instructors, or something, we would look into that.

Senator PELL. The series mentioned in the press, would you consider that cause for a fresh look?

Mr. GODDARD. For total reevaluation? I would say the series in the press certainly led to investigations, which of course in some instances could lead to total reevaluation.

Senator PELL. Someone asked this question already, and I want to repeat it: there were a series of articles in the Post and Globe, and Mr. Fulton mentioned that only one of the institutions mentioned belonged to his group.

How many of those institutions belonged to either of your groups?

Mr. GODDARD. Four belonged to the National Association of Trade and Technical Schools.

Senator PELL. How many belonged to your group?

Mr. FOWLER. I cannot give you an exact number, but almost all of the correspondence schools mentioned in the Globe article were members of our group.

Senator PELL. What have you done, having read those articles, to jack up or expel those groups, those schools?

Mr. FOWLER. Well, the first thing we did was to write to each of the schools, sending them a copy of the article, and asking them to provide us with an answer regarding each of these.

In some cases, there were not any allegations or charges made. It was more of a narrative, explaining something that had been said or that had occurred without any charging of anything being wrong. In each case we wrote to the schools mentioned and asked them to give the accrediting commission a full response, with the facts. If the article said that a student was enrolled who had not had the basic educational qualifications that the school said he should have, a copy of the enrollment agreement that that student had sent was provided, and so on.

Each of these items, each of these responses each of the schools has responded each of the responses, has been evaluated, and in some cases the resulting input has been part of an accrediting review that has taken place for the school.

Usually, though, I would have to say that if there are evidences of one kind of problem, a school has other kinds of problems also, so that no accrediting review really—I should say rarely, goes to one problem.

There are other things that are involved also. So it is a more general kind of review of the school.

Senator PELL. I would like to ask you to submit for the record, if you do not recall the number, of how many of the institutions that were mentioned in those two series were members of your group, Mr. Fowler, and how many have since had their accreditation removed. Would you submit that for the record?

Mr. FOWLER. Yes.

Senator PELL. Would you do the same, Mr. Goddard?

Mr. GODDARD. I can answer that question now.

There would be insufficient time at this point to conclude the investigations, and to withdraw accreditation from any of them.

We try our best to be fair, to exercise due process, and while the investigations are underway, and have been active, there has been insufficient time for final action by the commission.

Mr. EHRLICH. Mr. Chairman, both of these agencies investigate every complaint, whether it comes from a Member of Congress, the Office of Education, State Department of Education, a consumer group, because as part of their accrediting process each of these agencies are requested for information.

In addition, not only do we investigate, but if there are any problems there, the results of it are reported back to the accrediting agency.

There are things under investigation, but in connection with the due process that we are required to give, and should give to the schools, I just feel that we would be glad to give you any information, but for purposes of the record I would feel that we would like to observe our due process procedures.

Senator PELL. I have put in the record already the two series of articles, and I would like to also put into the record with regard to each institution something along the lines of what action is being taken, what your findings were. I think it should be of interest.

Now, you have to follow your counsel. We are not subpenaing this information. But I think it should be in the public domain. I do not want to be liable for a damage suit.

But if it appears in the proceedings of the committee, is that not exempted from a suit?

Mr. WEXLER. No.

Mr. EHRLICH. I am sure if I work with your counsel, we will be able to work this out, some arrangement to get the kind of information you desire.

Senator PELL. I would like to ask Mr. Fulton if he would do the same thing concerning Andover.

Mr. FULTON. Yes.

Senator PELL. If you would furnish the same information.

I think that concludes this particular phase of these hearings.

If there are any other questions, they will be submitted. The record will be left open for a while, in order to give you adequate time to prepare your responses. I would say several weeks. I think you will need some time to get this specific information. I would think 4 weeks would be more than adequate.

Normally we only say 2 weeks. I realize it is a little complicated.

I thank you all. I thank you for your frankness.

[The prepared statements of Mr. Goddard and Mr. Fowler and other information subsequently supplied for the record follow:]

September 12, 1974

STATEMENT OF
WILLIAM A. GODDARD
BEFORE THE
SUBCOMMITTEE ON EDUCATION
OF THE
SENATE LABOR AND PUBLIC WELFARE COMMITTEE

My name is William A. Goddard. I am the Executive Director of the National Association of Trade and Technical Schools (NATTS).

NATTS is a voluntary non-profit organization of accredited private residence schools offering job-oriented specialty training in trade and technical occupations. The membership of NATTS includes both proprietary and non-profit schools. Although all member schools must be accredited, an accredited school need not apply for membership.

The Accrediting Commission of NATTS is the accrediting agency listed by the United States Office of Education as the nationally recognized accrediting agency in the trade and technical school field and is the only accrediting agency so listed by the United States Office of Education.

The broad purpose of NATTS is to establish and maintain sound educational standards and ethical business practices for its member schools, which schools complement, rather than compete with, tax supported facilities.

I will be available for questioning and will be pleased to answer, to the best of my ability, any questions this Committee may have relating to the trade and technical school field.

However, it is the primary aim of this statement to acquaint the Committee with the role of trade and technical schools in our educational system and to explain the nature of the accreditation process.

Several studies have been made of vocational schools, including trade and technical schools, which furnish substantial information concerning the role of trade and technical schools.

In 1969, a fairly exhaustive study was published by A. Harvey Belitsky entitled "Private Vocational Schools and Their Students: Limited Objectives, Unlimited Opportunities." The author is on the staff of the W. E. Upjohn Institute for Employment Research and the study was financed over a 15 month period by the Ford Foundation.

In June, 1970, the author published a condensed version of his studies in this field, at the invitation of the Bureau of Higher Education, Office of Education, U. S. Department of Health, Education and Welfare.

References herein to Belitsky's studies are directed to the June, 1970, condensed report.

The author, at the outset, states (p. 1):

> "The expected advances in the use of private vocational schools are grounded in the demonstrated capacity of the schools to motivate and train students with various needs and interests for specific occupational objectives."

The author estimates that there are 3,000 trade and technical schools with 835,710 students. He points out that the enrollment in each individual school is small as compared to other types of schools, for the following reasons (p. 4):

> "One explanation for the small size of most of these schools is related to the importance assigned to practical, problem-solving aspects in the courses. It follows that only a short period of time is spent in large classrooms, and the costs of adequate space and machinery in shop and laboratory settings necessarily limit the size of a school building and its staff. Second, the schools are widely distributed geographically - often either located in cities with less than 100,000 persons or situated within sections of a large metropolitan area. A third reason is that the trade and technical schools (the primary focus of attention in this study) tend to train for single or related occupations. Nevertheless, collectively, the large number of highly specialized trade and technical schools offer the greatest diversity of courses."

He points out that the variety of occupational courses found in private trade and technical schools reflects the "unique ability" of these schools to respond to the training needs of many industries and professions; and that about 230 different occupational courses were offered in the more than 500 trade and technical schools examined in his study.

As for instruction in these schools, he found that it is highly specialized, with a view to the final employment objective; that the schools maintain close but informal contacts with employers; that course content is readily modified to reflect pertinent changes that are reported to school officials by employers; that decisions to add improved facilities can also be made rapidly; and that this differs from the delays often encountered by public schools and colleges that must seek approval from school boards or legislatures.

He further points out that training is provided in a job-simulated setting; that visual aids and operative equipment are typically more important than textbooks; that classroom or lecture instruction is usually followed immediately by supplementary training in the school shop or laboratory to demonstrate the practical application of the theoretical concepts; that most schools arrange student visits to plants and offices; and that modest home assignments are required because only those theoretical concepts which are relevant to the performance of a job are taught.

As for instructors' roles, he found that each instructor must be critically evaluated, since the referrals by former students account for a substantial percentage of the student body; that the schools are convinced that creditable teaching performances can be ensured by making teaching capability the main criterion for reward and advancement; and that instructors are not usually given tenure. He further found the student to instructor ratio to be quite low, with the majority of schools assigning 19 or fewer students to an instructor at any given time.

In conclusion, he found that private vocational schools are likely to experience a consistent growth in enrollments and greater general acceptance as an important training resource for persons who do not attend college; and that the realistic and economically sound recognition and usage of the private schools could be a major means for expanding the laudable goal of equal educational opportunity.

In 1973, Wellford Wilms, of the Center For Research and Development in Higher Education, University of California, Berkeley, published a study entitled "Proprietary Versus Public Vocational Training."

I will endeavor not to duplicate material already developed by Belitsky, but to point out additional factors developed in the Wilms study.

Wilms develops the concept that proprietary and public post-secondary schools are conceptually (and practically) distinct. The proprietary schools are rooted in the marketplace. Public schools ultimately depend on the political process. This essential difference determines how each type of school derives its income, allocates resources and, most important, provides vocational training

He says (p. 8):

> "Proprietary vocational schools' income is related to how well their graduates do in the marketplace. Most proprietary schools are relatively small, and they base personnel hiring, retention, and promotion largely on performance of tasks dictated by the market. If their students do not get satisfactory jobs, these schools quickly lose their appeal. In short, the proprietary vocational school derives its income through the market mechanism."

In summary, he points out that proprietary schools must meet the needs of their students and prepare them for occupations better than their competitors for any given cost; they must consider signals from output markets to survive; they are characterized by limited objectives and programs; they are "single purpose" organizations, to prepare students for successful employment; they recognize that their own success depends largely on the occupational success of their graduates and therefore they select students with a high probability for successful placement; they are characterized by flexible operations to accommodate the needs of students and employers; year-round operations and frequent class starts are the norm; their operations show evidence of market incentives to provide effective training at low cost; the market encourages them to experiment and evaluate new approaches; and their teachers are hired, retained and promoted on their ability to teach, are not given tenure and are evaluated frequently by school management and students.

He then contrasts this situation with that of public institutions which do not depend on their performance in the marketplace, but rather on the political process, and which place less emphasis on job placement.

In conclusion, he found that public and proprietary schools march to different drummers (the public schools to the political process and the proprietaries to the market) and that (p. 82):

> "Proprietary schools need to recruit, train, and place graduates in jobs successfully to get a return on their investments. Consequently, their programs are specific and determined by current labor market and consumer needs. Governed by the profit motive, rather than political survival, the proprietary schools have a built-in incentive to seek out student markets not served by nearby competing public schools . . . ."

But for the limitations of time, many more factors could be developed at length to illustrate the need for and the purposes served by private trade and technical schools.

However, for our present purposes, I believe I have demonstrated the useful purpose served by trade and technical schools and the need for such schools as a part of our educational system.

With this background, I would now like to acquaint this Committee with the accreditation process as carried out by NATTS - how it works, what it does and the results accomplished.

At the outset, it should be remembered that the accrediting process is purely voluntary. No school need apply for accreditation.

Although the membership of NATTS is composed of accredited schools, an accredited school need not be a member.

The objective of NATTS, as stated in its Constitution, is

> "To promote high educational standards and ethical business practices in the trade and technical field.
>
> To cooperate with local, state and Federal authorities and business, commerce and industry in the maintenance of high standards and sound policies in the field of trade and technical school education.
>
> To develop a national accrediting program for the trade and technical schools on the basis of established Federal standards."

Accreditation is intended to be a means of assisting good private trade and technical schools to become better schools; a means of assuring the public of high quality trade and technical education offered by private schools; and a means of setting standards to which all trade and technical schools can aspire.

The Board of Directors of NATTS has established an Accrediting Commission of nine members, five representatives of trade and technical schools and four outstanding persons from outside the private school field. The Accrediting Commission has authority to determine whether or not individual schools meet the standards set by NATTS. Each school is judged in the light of its announced objectives. Accreditation carries no intent of standardization of either objectives or school operation.

To initiate the accrediting process, an applicant school makes a study of its own operation according to an outline provided to it. Facts and material evidence are assembled into a Self-Evaluation Report, copies of which are provided for study by the Visiting Team and the Accrediting Commission. This is part of the whole evaluation process by which schools are stimulated to continuous improvement. This Report and the accreditation process is expected to induce an institution to reassess its objectives, its resources, its program, procedures and achievements. The preparation of the Self-Evaluation Report requires a detailed and searching examination of the entire operation of the school - its objectives, its study program, its course content, and its business practices.

After receipt of the Report, the Commission arranges for a Visiting Team of knowledgeable persons to visit the school personally. The Team normally includes a member familiar with the management, administration and business aspects of private school operation; an educator familiar with trade and technical school instructional methods and educational processes; a subject-matter specialist for each major field offered; and a representative of the Commission.

The Visiting Team verifies data in the Self-Evaluation Report, seeks additional data and in general develops a clear understanding of how well the school meets each of the standards. The

Team is free to confer with instructors, other school employees, students, graduates and employers of the graduates in making an assessment of conditions, courses of study, and effectiveness of the school.

Each member of the Visiting Team prepares a factual report of those phases of the visit for which he is responsible and submits it to the Team Leader, who integrates the report in proper sequence, caps it with a summary of strong and weak points and submits it to the Secretary who reproduces the Report and supplies each member of the Commission with a copy.

Following the Team visit, a File Review Committee prepares a File Report describing its findings. A copy goes to the applicant school which has a period to comment on the factual elements of the File Report and to submit any additional written materials it desires to place before the Accrediting Commission in response to the Report.

The Accrediting Commission meets periodically to review all the evidence with respect to each applicant. An applicant school, upon request, is given an opportunity to make an oral presentation before the Commission.

In light of the school's announced objectives and the Standards, the Accrediting Commission will accredit, accredit with stipulations, defer action, or deny accreditation. The Commission's decision is not subject to review by any other organ of NATTS.

The accreditation process is carried out under general policies which may be summarized as follows.

1. Each school is judged in the light of its overall picture reflected against its announced objectives and the Standards. Strengths in some respects may be allowed to compensate for non-crucial and correctable weaknesses in others.

2. Only private schools with a definite trade and technical education objective are eligible for accreditation.

3. The Commission reserves the right to limit the scope of its review to classes of schools for which it feels adequate standards have been developed and for which it has competence to review.

4. Upon accreditation, a tentative time is set for a complete re-examination, within five years. New schools, schools with mild but remedial weaknesses, rapidly changing schools and schools with recent changes of ownership will be re-examined at shorter intervals.

5. Schools must notify the Secretary immediately of changes in ownership, management, contractual affiliations with other schools, additions or major changes of courses, and items that could substantially affect the school's policies, staff, curricula, reputation, legal or financial status.

6. Accreditation does not automatically transfer with changes in ownership.

7. Annual reports are required from all accredited schools. The Commission may seek continuing evidence of compliance with standards and may request special reports from some or all accredited schools.

8. New non-related courses in accredited schools must be evaluated within three to six months after classes are in session.

9. Schools automatically become eligible for NATTS membership when accredited, but are not required to be NATTS members.

10. A directory of accredited schools is published annually and supplements showing newly-accredited schools are issued after each meeting of the Commission.

As a further step in the accrediting process, every applicant for accreditation or re-accreditation is checked with the local Better Business Bureau, the local Chamber of Commerce, the regional office of the Federal Trade Commission, the Consumer Protection Bureau, the State Department of Education and/or the state approval agency and the Post Office Department. Every application for renewal of accreditation is checked with the state loan agency.

Any complaints received from any of these sources, as well as from any other source whatsoever, whether with reference to an accredited school or not, is promptly investigated under complaint procedures established by the Commission.

I have referred to Standards which a school is required to meet in order to be accredited. Time does not permit a detailed statement of the Standards, but it should suffice for the present to point out that detailed Standards have been established covering the following general categories: educational objectives, courses and curricula, faculty, size of staff, student services, student success and achievement, admission policies and practices, enrollment agreements, tuition policies, refunds and cancellation, student recruitment, field agents, physical facilities, management, financial responsibility and self improvement programs.

Appellate procedures have been established affording due process to any school which wishes to appeal from an adverse decision.

Needless to say, all information obtained in the accrediting process is highly confidential.

In conclusion, I may say that I have not attempted to address myself, in my statement, to any specific problems which may be of interest to this Committee. I repeat that I am ready and willing, to the best of my ability, to answer any questions the Committee may have with respect to the operation of trade and technical schools. The main purpose of my statement, which I believe I have carried out, is to acquaint this Committee with the importance in our educational system of available trade and technical schooling, affording training opportunities for employment which are not available elsewhere; and to point out to this Committee the purpose of NATTS, through the accreditation process, to make available to students quality education in the trade and technical fields, with specific emphasis on training directly related to successful trade and technical employment opportunities.

STATEMENT BY
WILLIAM A. FOWLER
EXECUTIVE SECRETARY
ACCREDITING COMMISSION OF THE
NATIONAL HOME STUDY COUNCIL

BEFORE THE

SUBCOMMITTEE ON EDUCATION
OF THE
COMMITTEE ON LABOR AND PUBLIC WELFARE
U. S. SENATE

FRIDAY, SEPTEMBER 13, 1974

My name is William A. Fowler. I am the Executive Secretary of the Accrediting Commission of the National Home Study Council and I also serve as the Executive Director of the National Home Study Council.

The National Home Study Council is located at 1601 Eighteenth Street, N. W., Washington, D. C. It is a non-profit educational association of some 158 accredited private home study schools. The Accrediting Commission of the Council is the accrediting body listed by the United States Office of Education as a nationally recognized accrediting agency in the private home study school field. The Accrediting Commission of the National Home Study Council is also recognized by the National Commission on Accrediting, which was established in 1949 for the purposes of coordinating accrediting activities in higher education and giving nongovernmental recognition to reliable accrediting agencies.

My purpose in appearing before you is to acquaint you with the work of our accrediting agency and to tell you about its philosophy, policies and procedures. It is a unique accrediting agency operating in a unique field - the field of home study.

The National Home Study Council has been a leading advocate of quality correspondence education in America for 48 years. The N.H.S.C. was founded in 1926 under the cooperative leadership of the Carnegie Corporation of New York and the National Better Business Bureau.

From its beginning, when a handful of quality schools banded together under the visionary leadership of Dr. John S. Noffsinger, private home study education has gained academic respectability and can point to a record of solid achievement in providing an invaluable social service to millions of Americans who, without the benefits of home study, would surely have been denied an opportunity for education or training.

Today, over 2 million Americans are enrolled in some 700 to 1,000 private home study schools. One hundred and fifty-eight of these schools (representing 72 ownerships) are accredited, and nearly 1.5 million students are enrolled with them. Accredited schools offer some 500 different academic and vocational courses. These accredited schools are located in 23 States, but they enroll students from every walk of life in every State of the U. S. and from many foreign countries. About one fifth of all N.H.S.C. accredited schools are non-profit institutions. Correspondence instruction has a long and successful record in American education.

Although writing at an earlier time, John Morris has relevance to today when he stated that "probably more men in American history have gained the technical phases of their trade from correspondence schools than by any other means." An independent April 1974 survey of full time radio and TV servicemen, for example, revealed that 47% of them received their career training through correspondence study.

From its inception, the Council insisted on high educational standards and ethical business practices. It has cooperated with State and Federal agencies and educational associations. To give historical perspective to the present, I would like to mention just a few examples of the Council's activities over the past half century.

In 1936, Dr. Noffsinger wrote the original Trade Practice Rules for Home Study Schools which were adopted by the Federal Trade Commission. These rules were in effect until 1972 when they were replaced by the current Guides For Private Vocational and Home Study Schools. Over the years, the Council has worked with States in securing legislation to better regulate the operation of private schools and the Council has always been willing, if called upon, to assist Federal and State bodies in framing meaningful and effective legislation for home study school regulation and control. For example, the State of Indiana and other States have modeled their school regulatory statutes and procedures on the Commission's long-established standards and practices.

In the early 1950's, the need for accreditation in the private home study school field became evident. After careful study, the N.H.S.C. established an independent, non-profit, nine-member Accrediting Commission. In 1959, after establishing a successful record, the U. S. Commissioner of Education approved the N.H.S.C. Accrediting Commission as a nationally recognized accrediting agency. Today, the same Commissioner of Education, Lawrence G. Derthick, Sr., sits on the Commission, and is joined by other outstanding men such as Herold C. Hunt, former Under Secretary of Health, Education, and Welfare, who has served as Chairman of the Commission since 1966.

The Accrediting Commission of the National Home Study Council is national in the scope of its operations and provides institutional accreditation for private home study schools. It is unique in that eligibility for accreditation is based on method of instruction rather than on subjects taught or level of instruction offered. Most of the accredited schools are post-secondary and career oriented, but some schools offer elementary, secondary, collegiate and post-collegiate courses.

The Commission is completely independent, and application for accreditation is made voluntarily. Commission decisions cannot be vetoed or modified by any other individual or group.

Nine men and women serve on the Commission. Five Commissioners represent the public and four are executive officers of accredited schools. The Commission is, to our knowledge, the only recognized accrediting agency in the country with a majority of public Commissioners. To provide additional assurance of independence for the Commission, the N.H.S.C. ByLaws provide that no school may be represented on the Commission and the Council's Board of Trustees at the same time.

The Commission has established a set of educational and ethical standards which all schools must meet in order to become accredited. In addition to educational standards, these standards require accredited schools to:

enroll only students who can be expected to benefit from the instruction

show satisfactory student progress and success

be honest in its advertising and promotional materials

carefully select, train, and supervise its field representatives show ample financial resources to carry out long-term obligations to students

use reasonable tuition collection methods and have a satisfactory refund policy

demonstrate a satisfactory period of ethical operation.

All schools must undergo initial and periodic evaluations, with every school being re-accredited at least every five years. Schools furnish the Commission comprehensive reports each year, and the Commission can remove accreditation from a school for failure to meet the published standards.

Special reviews of schools are conducted when the ownership of the school changes hands or when serious problems are in evidence at a school. Complaints against schools are carefully analyzed on a continuing basis to ascertain problems, and examination reviews are promptly ordered if necessary.

The Commission has always been intensely aware of its role and responsibilities in the area of protecting the education consumer, and the Commission's responses to the needs of consumers pre-dates the "consumer movement" in this country. The Accrediting Commission was one of the first agencies to adopt a policy for the settlement of tuition accounts. This policy is one of the most liberal (to the student) of its kind. It is a performance-based policy that allows students to receive nearly half of their tuition back if they discontinue at the mid-point of their studies. This policy was recognized by Congress and included in the 1972 amendments to the G.I. Bill.

Since 1969, accredited home study schools have been eligible to participate in the Guaranteed Student Loan Program administered by the Federal Government since Congress in its wisdom recognized that American citizens ought not to be denied the opportunity of enrolling in the educational institution of their choice because of lack of funds. The Commission, aware of the possibility of abuse in this program, adopted special standards and rules for home study schools with students participating in the GSLP. These special standards go far beyond the regulations and controls set up by Congress and the Office of Education and have been the chief reason why, as a March 1974 U.S.O.E. paper analyzing home study school involvement in the program stated: "Overall default claims for (home study schools) were relatively small."

With respect to eligibility of schools for the loan program, we believe:

1. Each qualified student should have the opportunity to enroll in the school of his choice. A student who chooses to enroll in a program offered by a quality private vocational school should not be denied the chance to prepare for a better life because such schools are ignored or excluded from eligibility by legislation.
2. Accreditation has proved to be a practical and workable method of identifying quality schools, and attempts to discredit it do not look beyond to an alternate system that would be more effective.
3. Accreditation should be the basic requirement for eligibility with additional specialized requirements being added if necessary for specialized programs.
4. An Accrediting Commission should not and cannot enforce government program regulations, rules or procedures without the implementing authority and additional resources.

The fundamental concept underlying our accrediting program is this: does a school meet the prescribed standards established by its peers as evaluated in light of the school's stated objectives?

Some of the Commission's accrediting practices may be of interest and may serve to reveal the Commission's total commitment to the cause of protection for the education consumer in a vast, complex and often misunderstood field:

1. Before a school is accredited approximately 400 regulatory and consumer agencies are surveyed as to the school's reputation and business practices. The Veterans Administration, the Postal Service, the Federal Trade Commission, the U.S.O.E., state departments of education, Better Business Bureaus and consumer protection agencies are included in these surveys.

2. Input from government at all levels and other sources is continually sought in order to improve and upgrade the standards, the field, and the Commission.

3. The Commission has a formal complaint procedure and a student dissatisfied with his experience with a school may use our office to resolve his complaint. Recently, we have heard many sweeping generalizations about the defrauding of consumers by vocational schools, and the facts we have been able to gather on this area are enlightening:

    a. Last year, the N.H.S.C. received only 300 complaints from students enrolled in both accredited and unaccredited schools. This figure represents complaints from only one student out of every 7,000 who enroll in home study schools. An analysis of complaints received shows that well over half involved dissatisfaction with the mail service and posting of accounts while less than one tenth involved allegations of fraud or misrepresentation and even fewer related to educational programs and service. Of the more than 300,000 veterans and servicemen enrolled with home study schools, the N.H.S.C. received complaints from only one out of every 10,000 veterans enrolled. Every effort is made to find an equitable solution to a complaint, and virtually all student complaints are resolved to the student's satisfaction. It is also our experience that students do not and have not complained about the failure "to get a job" after completing their training, yet the obsession by some regulators for completion and placement "data" is all to evident. In home study, completion of a course is not an absolute in order for a student to derive genuine satisfaction or achieve his

> personal career objectives. Home study is an independent method of study well suited for individuals with personal goals, and statistics on completion can never tell the whole story.
>
> It was widely reported by certain Federal agency officials that vocational schools are the number one complaint problem with the Council of Better Business Bureaus, and when we attempted to document the charge we did not find any support for it. Such sweeping generalizations damage the reputation of our schools and do a great injustice to them.

Now I would like to turn to the day-by-day work of our Commission. In carrying out the accrediting program, the Commission makes use of qualified peer evaluators who visit schools and file detailed reports. Last year 35 accrediting visits were made to schools and more than 125 N.H.S.C. school staff members were involved as members of examining committees. In the past two years, 40 Federal and State officials served as Observers with visiting teams and virtually all of them expressed their satisfaction with the process. The suggestions offered by these Observers receive careful consideration and oftentimes improvements in the accrediting process result from this cooperative interchange. Each course of every school is reviewed by outside, independent subject-matter specialists, and 270 such reviews were conducted in the past 2 years. In considering the 72 school ownerships involved, the Commission has been extremely vigilant in "policing" its standards.

The ultimate "weapon" the Commission has to enforce its standards is the removal of accreditation, and in the past three years accreditation has been terminated for several institutions. Short of removal of accreditation, however, the

the Commission has wisely used accrediting standards to bring about literally hundreds of changes in school practices, all in the interest of improving schools and helping students.

Accreditation is not easily achieved. Our statistics show that in recent years about one third of the schools applying for accreditation have received it and less than one tenth of all eligible home study schools are presently accredited.

Due process procedures have had an effect on the work of the Commission in recent years, and while the Commission makes every effort to protect consumers from sub-standard practices and institutions, due process rules legally agreed upon by the U.S.O.E. have resulted in a system which sometimes allows a school a period of six months or more of accreditation while the "removal" machinery grinds away. Some of the concerns facing all accrediting agencies today involve expensive and time-consuming legal actions due to adverse decisions, charges of anti-trust violations and restraint of trade allegations levelled against accrediting agencies by schools, class action suits by school employees and students, and a host of other potential legal nightmares in which accrediting agencies have become enmeshed. The atmosphere of legalistic battle seems to face us at every turn.

Lost somewhere in the due process jungle is the original concept of accreditation: voluntary adherence to high standards as determined by one's peers with a clear mandate for continuing improvement.

During this time the N.H.S.C. and its Accrediting Commission, sometimes acting alone, have attempted to improve services to schools, the public and students. Some of our more recent actions have been:

1. Adoption of new policies, procedures and standards in the area of financial stability, the control of field sales staff, participation in the Federal loan program, and combination home study and resident programs.

2. Adoption of policies that allow all persons and organizations to have meaningful input into accrediting standards.

3. The N.H.S.C. submitted a proposal to the Fund for the Improvement of Postsecondary Education to develop a nationally available home study course in effective methods of correspondence education so that all schools could be improved. No college or university in the country offers such a program. The need is critical. Unfortunately, this proposal was not funded for reasons which have not been revealed to us. Unfortunately, this has made it seem that sometimes government apparently feels more comfortable as a critic rather than as a patron of our educational method.

The accrediting system we have developed continues to serve the students, the public and schools well. As Dr. Frank Dickey of the National Commission on Accrediting has stated, "Accreditation is accountability for stewardship of a public trust and is another manifestation of the fundamental precept of democracy: liberty under law or freedom circumscribed by self-imposed restraints."

We believe that our system of accreditation has worked well over the years, sometimes in cooperation with government, and at other times without government help. We also believe that voluntary compliance and self-regulation have worked to the advantage of the public far better than arbitrary, legalistic, unwieldy, and restrictive legislation imposed by regulators who do not seem to care about the harm done to future generations of students who may be denied a chance for educational advancement. Peer evaluation has worked far better than bureaucratic paper shuffling. Accrediting agencies such as ours have been doing their job largely without the help, support or encouragement of government, and yet the need for greater cooperation and support is needed if present problems are to be resolved. We ask our critics today - what trees have you planted? How many thousands of men and women who have been "written off" by traditional education are being trained in private schools today? Are the generalized charges against our schools so frequently voiced today based on fact -- or on personal biases?

In closing, I would like to quote Dr. Noffsinger's landmark study of correspondence schools written nearly 50 years ago:

> "No matter how alluring the advertising and how resourceful the salesmanship, the correspondence schools could not get [illegible]00,000 new students every year unless some demand for such instruction existed. The correspondence school may meet the need [illegible], but it meets it and no other agency does. The fact is that vast numbers of the American people are unprepared to earn their livelihood. They find themselves with the responsibilities of maturity and at the same time lacking the necessary training to better themselves materially. They cannot go back to school, they must seek training elsewhere.
>
> "The public educational system does not provide it except in certain larger centers; they must look elsewhere. The correspondence school goes out to them. If some of the time or most of the time it exploits, it at least is the only opportunity offered them. If the private correspondence school is inadequate, the responsibility devolves on the nation to provide a more adequate agency or to take steps to ensure the improvement of the private correspondence school."

Our schools have trained millions of Americans for more fruitful lives, and we have worked for many years to improve these schools. We welcome your suggestions for improvement and we look to you for advice and support. Working together, we can look forward to another 50 years of excellence in education by correspondence study.

NATIONAL HOME STUDY COUNCIL

STANDARDS FOR CORRESPONDENCE SCHOOLS
WITH STUDENTS ENROLLED UNDER THE
GUARANTEED STUDENT LOAN PROGRAM

BEST COPY AVAILABLE

STANDARDS FOR CORRESPONDENCE SCHOOLS WITH STUDENTS ENROLLED UNDER THE GUARANTEED STUDENT LOAN PROGRAM

Schools accredited by the Accrediting Commission of the N.H.S.C. may participate under the Guaranteed Student Loan Program:

a. In accordance with the provisions set forth in Title IV, Part B of the Higher Education Act of 1965 as amended and the regulations promulgated thereunder by the United States Office of Education of the Department of Health, Education, and Welfare; and

b. Subject to the Standards of the Accrediting Commission of the N.H.S.C. and these special Standards. These Standards apply to schools enrolling students under the Guaranteed Loan Program whether the loan has been made by a third party lender or by the school acting as an eligible lender.

1. A person who applies for a Guaranteed Student Loan at the time of application for enrollment is a Guaranteed Student Loan applicant. The school has the right to begin servicing the Guaranteed Student Loan applicant in accordance with its usual practice.

2. A Guaranteed Student Loan applicant must meet the same acceptance requirements as any other applicant.

3. A Guaranteed Student Loan applicant becomes a Guaranteed Student Loan student upon receiving notification from the lender that his loan has been approved by the Department of Health, Education, and Welfare.

4. A Guaranteed Student Loan applicant, upon notification of the disapproval of his application for such a loan, shall receive an automatic cancellation of his contract from the school with no financial obligation on the part of the applicant and an immediate refund of any monies paid to the school under this enrollment contract.

5. The amount of the loan to a student enrolled in a course that does not include required terminal resident training shall not exceed the cash price for the course less the down payment. The cost of loan insurance and state and local taxes may not be included as a part of the loan.

6. A loan to a student enrolled in a course with required resident training will be made in accordance with Standard 6, but the amount may also include reasonable expenses for the required resident training. In such event loans must be made in two separate increments with the disbursement of the amount for such resident training expenses being made only at the time the student reports to the school to begin the resident portion of the course.

7. The school must establish a required minimum down payment for each course. The school may service the Guaranteed Student Loan applicant and may process a loan application only after receipt from the student of at least the sum of money required as the minimum down payment.

8. The school must require that the applicant, at time of application, acknowledge to the school in writing that he understands he has applied for a Guaranteed Student Loan and, if the loan is made, he is obligated to repay the loan.

9. At the time of enrollment, the school must obtain the following authorization certificate from the student applying for a Guaranteed Student Loan.

AUTHORIZATION CERTIFICATE FOR GUARANTEED STUDENT LOAN PROGRAM

____________________19__________

I hereby authorize and direct the ____________________ to pay the proceeds
(lender)
of my loan evidence by a note dated __________ for $ ________ to ____________
(school)
in full payment for my tuition and charges for my course. Any refund which may be due me shall be sent by the school to the lender and applied against the then outstanding principal balance.

(Signature) ______________________________
(student)

10. Where an eligible school acting as a lender or arranging a Guaranteed Loan on behalf of the student receives the proceeds of the loan directly from the lender, any refund due the student must be paid by the school in accordance with N.H.S.C. Standards directly to the lender to be applied against the outstanding loan balance.

11. An eligible school may make loans only to students enrolled in its own home study courses.

12. No claim shall be made to the Federal Government under the guarantee provision for an amount of unpaid principal balance that exceeds the amount of the loan as this amount is finally determined under the terms of the school's Cancellation and Settlement Policy, less that school's established percentage of uncollectable value for non-loan student contracts.

13. Schools participating in the Guaranteed Student Loan Program will refer to such participation in any common media advertising only in the following manner:

"Eligible Institution Under the Guaranteed Student Loan Program."

14. In administering this program, a school must use the forms required by the U.S.O.E. and the Accrediting Commission and make periodic reports on procedures, loans, repayment and claims as required by the Commission.

March 23, 1973

BERNARD H. EHRLICH
ATTORNEY AND COUNSELLOR AT LAW
919 EIGHTEENTH STREET, N. W.
WASHINGTON, D. C. 20006

TELEPHONE
(202) 298-5848

February 7, 1975

Stephen Wexler, Esq.
Subcommittee on Education
Committee on Labor and Public Welfare
Dirksen Senate Office Building, Room 4230
Washington, D. C. 20510

Dear Mr. Wexler:

When Mr. William A. Goddard and I appeared, on behalf of the National Association of Trade and Technical Schools, before your subcommittee in September 1974, Senator Pell requested information about schools offering courses to help people prepare for conversion to the metric system. Enclosed is a NATTS paper entitled, "Toward Metrication in Trade and Technical Schools," which will give you information on the state of the art in our schools.

Senator Pell requested that we supply information on accredited schools as needed by the subcommittee; we agreed to do so, but no request has been received.

Regarding the series of articles in the Boston Globe, and follow-up action taken by the NATTS Accrediting Commission, a full report was made to the U. S. Office of Education, Institutional Eligibility Staff, Bureau of Higher Education. As I stated in our recent telephone discussion, I believe that publication of this information might create legal problems for the Accrediting Commission. In an effort to be helpful to the subcommittee, I would be happy to share with you a copy of the response made to the Office of Education, provided it will not be made part of any public record. It is our understanding that this procedure will meet with your approval.

The National Association of Trade and Technical Schools desires to cooperate with your subcommittee, and try to supply any information which will be helpful. We hope you will call on us if we can be of further assistance.

Sincerely,

Bernard H Ehrlich

Bernard H. Ehrlich

Enclosure

NATTS
national association of trade and technical schools
[illegible] L Street, N. W. Washington, D. C. [illegible] [illegible]

Toward Metrication in Trade and Technical Schools

Many member schools in the science-oriented occupations have traditionally included metric training in their programs. Recently the mechanical occupations have been incorporating metric training to a more limited extent. The automotive trades increasingly require proficiency in metric measures. Students expecting to enter Engineering related occupations from drafting to advanced technology levels must have thorough metric training for most jobs at the present time.

We are not aware of any private vocational schools presently offering specialized metric training as a separate program for persons already employed but many of our member schools are willing to begin such programs if the demand increases. Our members are generally aware of the trends toward metrication and will be able to adjust present programs as necessary without substantial difficulty.

The increasing national emphasis on metrication has encouraged the development of numerous texts and training aids which are readily available to meet our needs for the next few years. However, some of our schools are concerned about the potential costs of modifying expensive equipment and machinery to provide their graduates with dual training and experience to be assured of employability during the metrication transitional years.

It is the widespread assumption among our schools that only the federal government can impose appropriately attractive or reasonably enforceable conversion schedules for American business and industry. Therefore, it is expected the government will provide sufficient guidance and assistance to educational institutions to meet their training needs.

Overall, our schools are not overwhelmed by the anticipated demands which will be placed on their training resources. A great many administrators are anxious to see prompt progress toward full metrication and feel that the initial burdens will be easily offset by eventual benefits to students and their employers. The schools are willing to accept their training responsibilities during the conversion period and will be ready to increase their emphasis on metric training as soon as it is needed.

January 1975

Senator **Pell**. We will be submitting to you the names of more institutions.

Thank you very much. This concludes this phase of this hearing.

[Whereupon at 12:30 p.m., the subcommittee was adjourned subject to the call of the Chair.]

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